APOLLO TYRES LTD.

unstoppable


APOLLO TYRES LTD.
unstoppable
For every organisation, there is a hidden asset. An asset that dreams, that creates and one that makes passion come alive. It has the power to execute, the vision to excel, and the spirit of limitless energy. It's a force that is unstoppable, it is the force of human capital.

contents

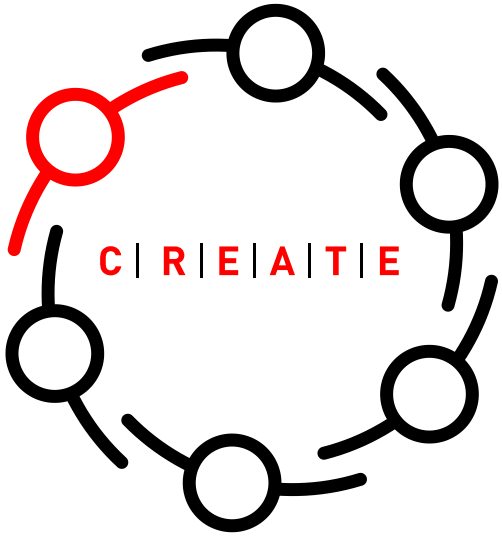
the future belongs to those
who not only
imagine, but also

create

the path.

Vision - Values

"A significant player in the global tyre industry and a brand of choice, providing customer delight and continuously enhancing stakeholder value."



C – CARE FOR CUSTOMERS

R – RESPECT FOR ASSOCIATES

E – EXCELLENCE THROUGH TEAMWORK

A – ALWAYS LEARNING

T – TRUST MUTUALLY

E – ETHICAL VALUES

Passion in Motion - Key Highlights

- Significant breakthrough in research and development - First tyre company in India to produce winter tyres.
- First ever Vehicle Dynamics Workshop conducted for automobile manufacturers with the support of ATP, Papenburg of Germany.
- Shining examples of Public-Private partnership:

  Partnering Gas Authority of India (GAIL) to use surplus run - off gases for steam generation at the Baroda plant.

  First to partner with the Rajasthan State AIDS Control Society in launching a clinic at the new Transport Nagar in Jaipur.
- Dunlop South Africa successfully closes the year with record revenues and highest ever operating margins due to productivity improvement and waste elimination.
- Successful management integration between South African and Indian Operations in exchanging best practices and establishing future plans.
- The International Sales team grows revenues by 105% in its first year as a business unit and commences operations in new markets, such as Australia and Bolivia.
- Participation in the Tyrexpo Asia 2007, and winning the Gold Award for the most innovative stall display at the exhibition.
- Effective deployment of the Performance and Career Enhancement (PACE) online human resource tool.
- Aspire wins the Automotive Product of the Year 2007 Award by NDTV Profit and Car India.
- Won the State Pollution Control Award for the Perambra Plant in 2007.
- Special Jury Commendation at the Businessworld FICCI-SEDF Corporate Social Responsibility Award 2007.

Invent Innovate Implement

Dear Member,

One of the most important assets that any organisation has is its people. This asset alone impacts business profitability, enhances performance and guides the vision and values system. As we stand today at a significant inflection point in our journey, we recognise the men and women who have made Apollo Tyres what we are today, and are shaping what we will be tomorrow.

As the world of opportunities continues to unfold before us, we are striving to position your company to capitalise on these to be able to maximise value for all our stakeholders – from customers to employees and from shareholders to the societies we operate in. Our commitment remains to be a leading corporate citizen, a brand of choice and an institution that all those who associate with us can be proud of.

You will of course find elsewhere in this report the story told by our numbers during the course of the year. Suffice it for me to say here that it has been another record breaking year for your Company across all aspects of our performance, whether revenues or profits, marketshares or social responsibility, we have continued to push the envelope on your behalf.

The comparatively stable raw material prices in the first half of FY 2008, coupled with a richer product mix and greater operating efficiencies, resulted in significant improvement in operating profit margin. Your Company has increased its turnover by 12.5% (YOY basis), while the net profit has increased by 93% (YOY basis).

Recent developments like high crude oil prices leading to an increase in raw material cost and the hardening of interest rates are a cause for concern. Foreseeing a scenario, which is prevalent today, your management team has undertaken various strategic measures to ensure that your Company is ready to face the challenges that lie ahead. One of our key strategic measures towards our long term growth and sustainability has been the acquisition of Dunlop Tyres South Africa. I am extremely glad to inform you the integration process has been smoothly completed and that operation is now being ramped up to achieve its next level of efficiency and profitability.

We are also continuing our work to further build the brand in Europe. As a step towards this direction, we have announced a Passenger Car Radial Greenfield project in Hungary. It is our commitment to bring our globally competitive technologies and ethical business practices to this project.

It is the unstoppable spirit of enterprise that continues to drive us at Apollo Tyres. Expansions continue at plants in India and South Africa. The Baroda plant will see a new product line in Off-the-Road Tyres (OTR), a high margin business that will complete the Baroda product portfolio. Our state of the art plant at Baroda is setting standards of excellence in quality manufacturing and product development. It has a renewed focus on manufacturing high end premium products in the Passenger Car and Truck & Bus Radial Segments. This rationalisation will bring about economies of scale and efficiency in production.

In Kerala, we will see increased capacities being put in place besides projects to manufacture Industrial and Specialty Tyres, again high margin categories. In South Africa, both Durban and Ladysmith plants will see significant increases in their capacities of Truck and Bus Radials, Passenger Car Radials and Off The Road tyres.

Your Company, has also announced the setting up of a Greenfield facility in Chennai for Passenger Car Radials catering to the small car tyre segment, an area that is set to grow exponentially as global manufacturers seek to use India as global base for their small car production. At the same time we are also actively venturing into new product segments Truck/Bus Radial (TBR), re-treading and allied automotive services.

With growth comes responsibility and accountability. We have made significant inroads in implementing quality initiatives like Six Sigma and Manufacturing Excellence across the Company.

For the year ahead the motto is Invent, Innovate, Implement. Your Company will continuously strive to invent new applications, bring new innovations into our progress, and instil this spirit of invention and innovation into the implementation of all our work to reduce waste, increase productivity and offer superior value to our customers.

It is important that we give back to society in whatever way we can and if through these initiatives one can build synergy with the core business than it leads to a sustainable effort. We at Apollo Tyres have invested in efforts to build awareness about AIDS and have undertaken to bring solutions to the problems affecting those members of the public that are in closest contact with the company – the trucking community. The setting up of targeted intervention centers called Apollo Tyres Health Care Clinics across many states and transport hubs is an important step towards making a difference. With these initiatives, we at Apollo Tyres take our philosophy of ethical practices beyond the boundaries, and into the community.

In conclusion, I would like to reiterate my firm commitment and belief in taking your Company to ever greater heights of achievement. You have appointed us as the trustees of your wealth and that is a responsibility that we cherish deeply and take very seriously. On Behalf of the Board of Directors of Apollo Tyres, I wish to thank all our customers, investors and other stakeholders for the support and confidence, and assure you of our commitment to strive for bigger achievements in the coming years.

Best Regards

Onkar S. Kanwar

Chairman & Managing Director

Names In Order From Left To Right Sitting

Dr. S. Narayan

Onkar S. Kanwar
Chairman & Managing Director

M. R. B. Punja

Names In Order From Left To Right Standing

Robert Steinmetz

Neeraj Kanwar
Vice Chairman & Joint Managing Director

T. Balakrishnan

A. K. Purwar

Sunam Sarkar
Chief, Corporate Strategy &
Marketing and Wholetime Director

U. S. Oberoi
Chief, Corporate Affairs and Wholetime Director

P. N. Wahal
Head-Secretarial & Company Secretary

Other Board Members (Not in Picture)

K. Jacob Thomas

M. J. Hankinson

Nimesh N. Kampani

Raaja Kanwar

Shardul S. Shroff

Neeraj Kanwar
Vice Chairman
& Joint Managing Director

Names In Order From Left To Right Sitting

U. S. Oberoi
Chief, Corporate Affairs and Wholetime Director

Onkar S. Kanwar
Chairman & Managing Director

Robert Steinmetz
Director

Names In Order From Left To Right Standing

Asoka S. Iyer
Chief - Group Advisory Services

Tapan Mitra
Chief - Human Resources

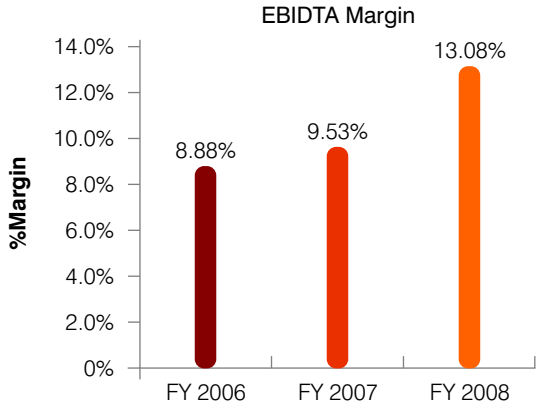
Satish Sharma
Chief - Indian Operations

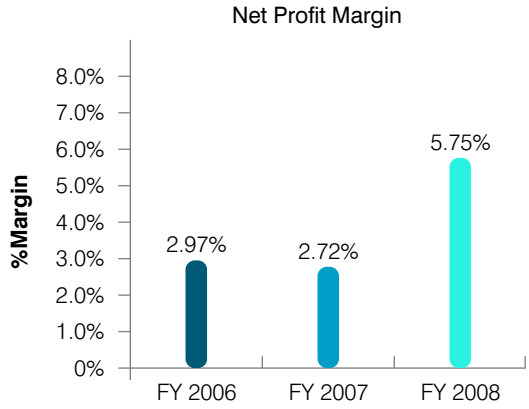
Neeraj Kanwar
Vice Chairman & Joint Managing Director

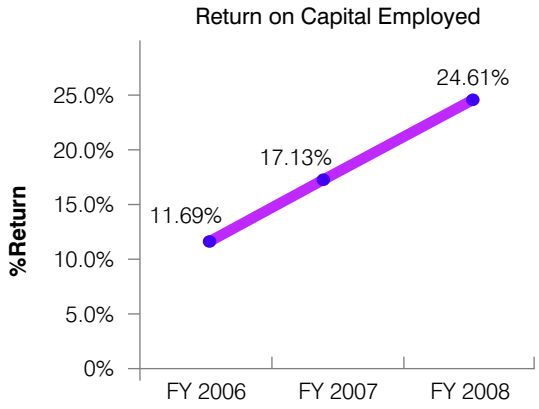
Sunam Sarkar
Chief, Corporate Strategy & Marketing and Wholetime Director

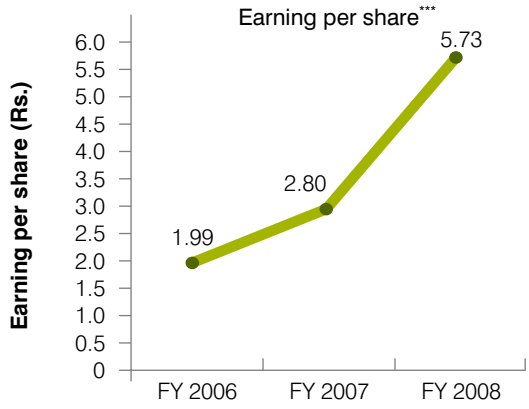
K. Prabhakar
Chief - Projects

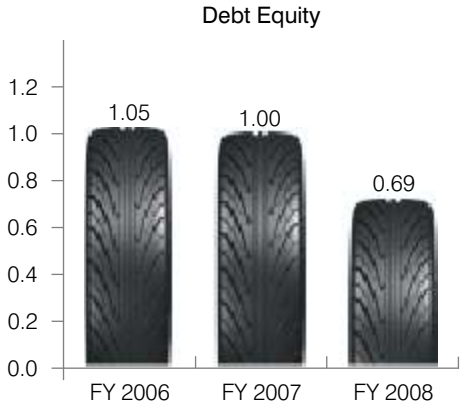
Operating & Financial Highlights*

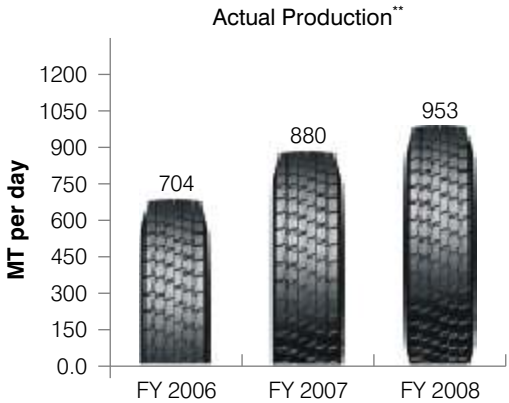


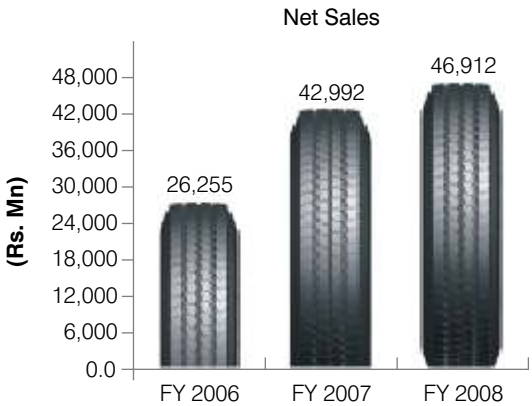












* Based on Consolidated Accounts

** Includes production under lease arrangement and conversion of finished goods by conversion agents

*** The numbers have been adjusted to take into account split of shares in August 2007

MD&A

Management Discussion & Analysis

Market Overview

Industry Structure & Developments

Opportunities & Threats

Segment Wise Performance

Outlook

Risks & Concerns

Performance

Market Overview

Today, India is in the midst of rapid economic growth. The government's continued emphasis on building infrastructure has given a tremendous fillip to the development of road infrastructure and transport. Obviously, the no. of vehicles on road have shown a marked increase. As a direct fallout of this scenario, the tyre industry has had the good fortune of receiving increasing orders from OEM's and replacement market alike.

Indian tyre manufacturing companies are re-engineering their businesses and looking at strategic tie-ups worldwide. The future is expected to see many strategic alliances among the domestic and global players. Meanwhile, alliances have also included the OEM segment with vehicle manufacturers looking for fresh tie-ups or strengthening of existing partnerships. The world tyre market is essentially a replacement market in terms of volume and value. Even though vehicle manufacturers account for only one-quarter of road tyres sold, this segment of the market is of primary significance because it drives technical development and greatly influences the market.

The tyre industry has evolved from the more basic cross ply products to the more sophisticated radial tyres. Radial tyre usage has shown significant increase in usage every year. In India, almost all the automobile segments have shifted to radial tyres and the usage of cross ply is restricted to trucks and buses only .

In the domestic market radial tyres are largely used in the passenger car segment, while the commercial vehicle segment still prefers to stay with the cross ply variety, because of the lower price of cross ply and the ease of retreading. However, following the global trend, India too is witnessing a sure change in favour of radial tyres.

The increasing segmentation of the car market in India has created new opportunities for the tyre manufacturers. The aspirational urban SUV market is a case in point. These off road vehicles, where 99% of the time the vehicles are being driven on metalled surfaces, require a tyre that occasionally may have to deal with some sand or mud or rough terrain. Subjected to high torque these vehicles require special tyres that not only meet the stringent off road terrain tests but also are able to withstand the overload and high speed index characteristics prevalent in India.

India is being increasingly looked at as a competitive outsourcing destination for automobile components given the progress and growth of the Indian automobile industry. Tyre companies in India will therefore continue to expand their reach to foreign shores to build up scale either through marketing or manufacturing tie ups aided in no small measure by increasing access and acceptance of products through the automobile export route.

Industry Structure and Developments

The Indian tyre industry is mainly dominated by the organised sector and consists of four major players who together account for approximately 85% of the industry's turnover -- Apollo Tyres Ltd, MRF Ltd., JK Tyre & Industries Ltd, and Ceat Ltd. These companies have a presence in all the major segments of the tyre industry – the replacement market, original equipment manufacturers (OEMs) as well as exports and consequently, offer the consumer a well diversified product mix. There are many other companies, some in the unorganised sector and mostly smaller in size, with a focus only on one or two categories of tyres, tubes and flaps primarily for the replacement market.

Unlike the international tyre industry where passenger car radials dominate the market, in the Indian industry commercial vehicle tyres take the lead and account for approximately 70% of the industry's turnover. As a result, the growth of the entire tyre industry depends on primary factors like agricultural growth, overall GDP growth, industrial production, growth in vehicle demand and secondary factors like infrastructure development, prevailing interest rates and financing options. For the last 10 years, Apollo Tyres has maintained its leadership position in the commercial vehicle tyres segment.

Although the automotive sector in India saw negative growth in the medium and heavy commercial vehicle segments, this downward trend was in contrast to the strong demand witnessed by the tyre industry. Led by replacement market growth of over 10%, the tyre industry registered a high single digit growth.

The tyre industry is highly raw material intensive and a major consumer of rubber. With raw material costs accounting for 70% of the cost of production, any change in the price of rubber or the crude basket has a direct impact on the cost of production. The comparatively stable raw material prices in the first half of FY 2007-08, coupled with price increases undertaken by the Industry in FY 2006-07, resulted in all the major players reporting improved operating profit margins. This was after four consecutive years of raw material cost-push, both for natural rubber and crude oil-linked raw material basket.

The second half of FY 2007-08 again saw an upward trend for all major raw material prices and the same is anticipated for the year ahead. As a result, margins are once again under pressure, even while the demand-supply situation continues to be in favour of the Industry.

Opportunities and Threats
SWOT Analysis

Strengths

While taking fresh strides, Apollo Tyres has continued to maintain its lead in the market within the dominant segment of truck and bus tyres within the Indian tyre industry. The Company has established a state-of-the-art plant in Baroda. Quick response to changes in market conditions and product profiles has resulted in superior product innovation and technical expertise. The Company's marketing initiatives have resulted in a strong brand recall, even in the price sensitive tyre market. Aiding these efforts is an extensive distribution network. A progressive leadership has given direction to all the different aspects of the establishment, from the sourcing of raw materials to a global presence through the acquisition of Dunlop Tyres International (Pty) Ltd in South Africa. Economies of transportation cost are a constant benefit to the company on account of proximity to the natural rubber growing belt. With a move into the international arena, Apollo Tyres not only has access to global sources of raw materials, but can also follow and maintain global quality standards and international process and system certifications. Within its physical boundaries, the Company propagates extensive use of information technology systems, so as to hasten the flow of information and leverage opportunities across its multiple locations in India and South Africa.

Weakness

Apollo Tyres has no presence in the two and three wheeler segments. The capital intensive nature of the business in this segment, also has its drawbacks.

Opportunities

The national thrust in road infrastructure and construction of expressways and national highways presents a range of opportunities for the tyre industry and Apollo Tyres aims to make the most of these. Creation of road infrastructure has given, and will increasingly give, a tremendous fillip to surface transportation in the coming years. The tyre industry will continue to play an important role in this dynamic and evolving situation. Apollo's leadership position in the commercial vehicle segment will enable the company to leverage new and related business opportunities. We have already started leveraging these opportunities to our benefit with our new product segments like Truck/Bus Radial (TBR), Off-The-Road (OTR) tyres, retreading and allied automotive services. Growth within India also supports the Company's aim to be a leader in the global industry and partake in overseas markets like Europe.

Threats

There is a need to prepare for imports from neighbouring countries at competitive prices, which have been rising in the recent past. As well the ever present challenge of raw material price volatility.

Segment Wise Performance

The commercial vehicle tyre segment plays a dominant role in the Indian tyre industry. While maintaining its leadership position in the truck, bus and light truck categories, the Company gained market share in the Passenger Car Radial segment by registering growths that were in excess of the industry's growth rate.

This year saw Apollo Tyres exceeding the overall industry growth and meeting the Company's targets in all the product categories. As compared to the last year (2006-07), this year (2007-08) recorded a healthy growth of 7.3% in Truck, 20.4% in PCR, 39.7% in LCV, and 8.9% in Tractor Rear tyres.

Significant strides were made in the realm of the marketing strategy, covering the three key areas of:

1.Product Leadership (a 360 Degree Offer product and service offering for the Indian market)

2. Customer Intimacy (Consumer Promotions in the Truck Tyres Category helped establish the Company's proposition in the mileage and radial segments, while in the PCR Category the aim was to boost sales of tubeless tyres)

3.Operations Excellence (Tiered Network with an addition of 47 business partners in the elite Diamond Boys Club Upwards Club significantly enriched the Value Edge Club)

In the realm of commercial vehicles, EnduRace, a premium truck-bus radial is currently undergoing extensive road tests and will be launched in the forthcoming year. This new product compliments the company's existing radial range in the category of Duramile for Light Commercial Vehicles and the Regal Transport for Medium to Heavy Commercial Vehicles.

This year also saw the introduction of the 360 Degree Offer, comprising complete tyre solutions for all commercial vehicle customers.

Outlook

The Company continues its passionate journey towards customer delight and loyalty. Focusing on expanding its delivery of the country's most technologically advanced and cost competitive tyres, Apollo Tyres plans to extend its leadership beyond commercial vehicle tyres to other segments.

It also continues its thrust towards becoming a global player and after the acquisition of Dunlop Tyres, the Company has now set a foot in the European markets and plans to penetrate deeper. Towards this, it has announced a Passenger Car Radial Greenfield in Hungary, one of East European's low cost countries.

Moving beyond commercial vehicles to passenger cars, Apollo has announced a passenger car radial greenfield project in Chennai to cater to the small car tyre segment, which will further enhance the Company's participation in this sector. With this

More and more OEMs have added Apollo as an approved supplier. These include General Motors, Hyundai, Skoda, ICML and Tata Motors over the course of the year.

The company's foray into branded retail was started this year with the launch of two retail stores -- National Tyres in Patiala, Punjab and Lal Tyre Centre, Chennai, Tamil Nadu. These outlets are designed to ensure a comfortable and informed purchase decision, and are particularly tuned to make women buyers comfortable. Backed by quality service levels, in look, feel and service these stores are attempting to take away the 'commodity' tag from tyre purchase, while bringing in global and best-in-class tyre buying experience into India.

The Apollo spirit remains unstoppable as ever.

move, the Baroda capacity will now be able to concentrate on the higher end, premium products catering to the passenger car radial market. The segregation of production in this manner will bring about economies of scale and efficiency in production.

The Company has also forayed into the production of Off-The-Road (OTR) tyres. With the current national impetus on infrastructural growth and road building, Apollo Tyres has maintained a futuristic vision and in this regard, finalised an agreement with BEML for producing and supplying OTR tyres to them. The Company has successfully launched the world-class Regal truck and bus radial tyres (TBR) last year. It would now rapidly move towards expanding its TBR capacity and be prepared to meet the increasing radialisation levels in this segment.

Apollo Tyres continues with its ethos of promoting technological innovations and giving its personnel the necessary confidence, infrastructural backup and professional freedom to enable them to extend their limits and reach. The Gold Series in truck-bus cross-ply tyres, the expanded Acelere range and the newly

launched V- and W-speed rated high-performance tyres for passenger cars last year and the dual-bead tyres for light trucks, stand testimony to the Company's commitment to offer the customer technology most appropriate to Indian operating conditions. Apollo's pioneering position in the field of radials for farm tyres was further enhanced by broadening the range during the course of the year.

Risks and Concerns

Being the wheels that keep the nation in motion, the tyre industry and economic development of the country are interdependent. The growth of the tyre industry is not only dependent on economic growth and infrastructural development, but also on the growth in the automobile industry, which is cyclical in nature. Also, most of the raw materials for the tyre industry are petroleum based and their prices are linked to the movement in crude oil prices, which have been continuously increasing. Natural rubber which is one of the major components of the total raw material cost is an agricultural product and is subject to price and production volatility resulting from speculating activities and natural causes. The inverted duty structure between tyres and natural rubber puts further pressure on the industry's revenue and profitability.

Information Technology/Internal Control Systems and their Adequacies

Ensuring progress is made in a strategically planned and phased way requires a network of processes to be in place, which will enable people at Apollo to make correct and informed decisions. The Internal Audit through a planned approach, ensures that the authority is exercised within a framework of appropriate systems and controls. A team of experienced and qualified professionals carry out the Audit reviews across all locations of your Company.

Your Company has established a robust Internal Audit Process both at the corporate and unit levels to continuously monitor the adequacy and effectiveness of the Internal Controls across the Company and compliance with the operating systems, internal policies and regulatory requirements.

The Internal Audit function also reviews the execution of all ongoing projects involving significant expenditure to ensure adherence to fiscal controls.

Apollo Tyres has upgraded the BS7799 standard for information security practices in the current year to ISO 27001. The Company has a robust risk management process which involves identification and quantification of various risks and setting out mitigation plans. Information Technology is used across your company to enable data-based decision making.

Discussion on Financial Performance with Respect to Operational Performance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956, and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of Apollo Tyres Ltd accepts the integrity and objectivity of these financial statements as well as the various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and reasonably present the Company's state of affairs and profit for the year.

(Rs./Millions)

Sl.No	Particulars	Year ended 31.03.2008	Year ended 31.03.2007
1	Sales/ Income from operations	42,469.83	37,743.43
2	Other Income	92.23	29.71
	Total	42,562.06	37,773.14
3	Total Expenditure		
	a) (Increase)/Decrease in Work in		
	Process & Finished Goods	(552.74)	(313.61)
	b) Consumption of Raw Materials	23,849.60	22,580.31
	c) Staff Cost	2,270.55	1,994.09
	d) Excise Duty	5,530.56	4,820.15
	e) Other Expenses	6,731.11	5,569.27
	Total	37,829.08	34,650.21
4	Operating Profit	4,732.98	3,122.93
5	Interest	520.41	526.48
6	Depreciation	878.10	742.26
7	Profit before Tax	3,334.47	1,854.19
8	Provision for Tax - Current	975.01	445.65
	- Deferred	121.43	238.32
	- Fringe Benefit Tax	45.00	36.00
9	Net Profit	2,193.03	1,134.22

Material Development in Human Resources/Industrial Relations

The primary stakeholders in any organisation, as well as its most important contributors are its people. Those who have maintained and continually evolved a vision for the company; those who have ensured that the vision is executed and transformed into a reality; and those that have the onus of finally putting into execution the plants and processes that together bring to life this vision.

Year 2007-08 was an eventful and landmark year for the people at Apollo. With our vision of 2010 fuelling the growth momentum, we have begun an exciting journey of expansions and acquisitions towards the aim of becoming a leader in the global tyre industry. Human Resource at Apollo is positioned as an important contributor to this growth and aims to contribute effectively in the overall Apollo journey.

Apollo Talent Trek (ATT) was conceived and implemented to enhance the growth journey of the organisation. A cross functional team – ATT, identifies the manpower requirement and key HR policies for each project undertaken – in India and outside. The ATT team as a part of its manpower strategy, last year inducted 50 Graduate Engineer Trainees who underwent extensive training for three months at Apollo's plants understanding processes and systems. Post this, according to their specialisation, the trainees are allocated to various ongoing projects, according to the mapped manpower requirements. Apollo Talent Trek is also committed to creating a career path for all project-related manpower and the creation of policies to support this.

The Apollo Laureate Academy saw completion of its middle and senior management leadership programmes, ALDP and ELDP respectively this year. ALDP partnering with IIM-Bangalore completed all four modules and four key projects in areas of Finance, Operations, Sales & Marketing and Human Resources, while ELDP has undergone extensive modules with Grow Talent on leadership and related areas. With our expansion projects and initiatives, these leadership programmes identify and groom talent to take up strategic roles within the organisation. The junior management team, as part of a competency development workshop, underwent a two-day programme on presentation skills, which taught the nuances and techniques of creating appropriate presentations.

PACE (Performance and Career Enhancement) was in its second year running successfully, with process improvements being done to ensure more ease of operations. With the timely KRA setting to the Quarterly evaluation culminating into the final annual appraisal, PACE has been widely accepted and appreciated due to the high level of transparency and ease of evaluation it brings to the entire assessment process.

Last year we integrated the HR policies and systems of Dunlop South Africa with Apollo Tyres. Beginning with the compensation policy and its realignment with the philosophy at Apollo, we are

now re-aligning the key area of training and development – both Leadership and Technical with the overall HR philosophy prevalent at Apollo.

Over the years Apollo has built healthy relations in the manufacturing facilities. A number of training programmes and various reward and recognition schemes were rolled out for shop floor workers. Initiatives like the Attendance Champion, Suggestion Award are some of the reward schemes which have received a great response from the workmen.

A wide array of employee engagement initiatives were launched alongside the ones that have been traditionally followed. Svago (Fun@work) saw a number of activities, ranging from quiz competitions to gaming championship to keep employees motivated and engaged through informal and fun activities. The plants along with their families celebrated the various festivals and their factory days in each location. As a part of the Company's reward and recognition scheme, an "Employee of the Year" is identified every year. This is an individual who has shown exceptional contribution to the growth of the organisation, keeping in mind the corporate objectives and strategy and demonstrated exemplarily ability to not just meet targets, but also motivate and guide others in the team to accomplish the set objectives. Our "Roll of Honour" group, consisting of 23 individuals, who have been consistent performers, were rewarded with a three night / four day tour to Singapore.

Overall, the Human Resource function saw a strengthening and a process improvement of its core areas. With new initiatives and the improvement of existing ones, HR has positioned itself towards building a global organisation.

Quality at Apollo Tyres

For a capital intensive industry like tyre manufacturing, technological developments are of paramount importance. Not only do the quality control teams at Apollo ensure that required standards are adhered to, but with the drive and the passion that forges across boundaries, the technical expertise of Apollo's personnel is constantly setting new benchmarks for the industry.

Multiple quality driven initiatives are under progress, some of which are being continued from previous years. At this time, Process Maturity, Small Improvement Projects/QC and ISO/TS 16949 certification have started taking shape and giving results. Improved quality on the shop floors is evident form the fact that 27 shop floor teams were recognised in various external competitions (including CII and QCFI) in 2007, as against, 11 in 2006 and 3 in 2005. Meanwhile, over 250 Small Improvement Projects have been completed, and another 200 are in various stages of completion. Extensive employee involvement and contribution to operational efficiency has already been witnessed. Multiple OE audits were accomplished successfully with appreciation received from auditors for good practices.

The Six Sigma initiative made significant headway this year, bring in financial savings of Rs 134.07 million from both Black Belt and Green Belt projects. 20 Black Belts and 17 Green Belts were trained in this year completing one project each. Next year, 11 more Black Belts and 40 more Green Belts are planned to be trained.

Quality control and enhancement initiatives also resulted in significant improvements in manufacturing processes. All manufacturing units have improved significantly towards manufacturing excellence as indicated by improvement in scores (PQA) by 60% compared to last year. Efforts are on to take Apollo Tyres to a high level of manufacturing excellence, benchmarking the company to enhance Apollo's core brand value.

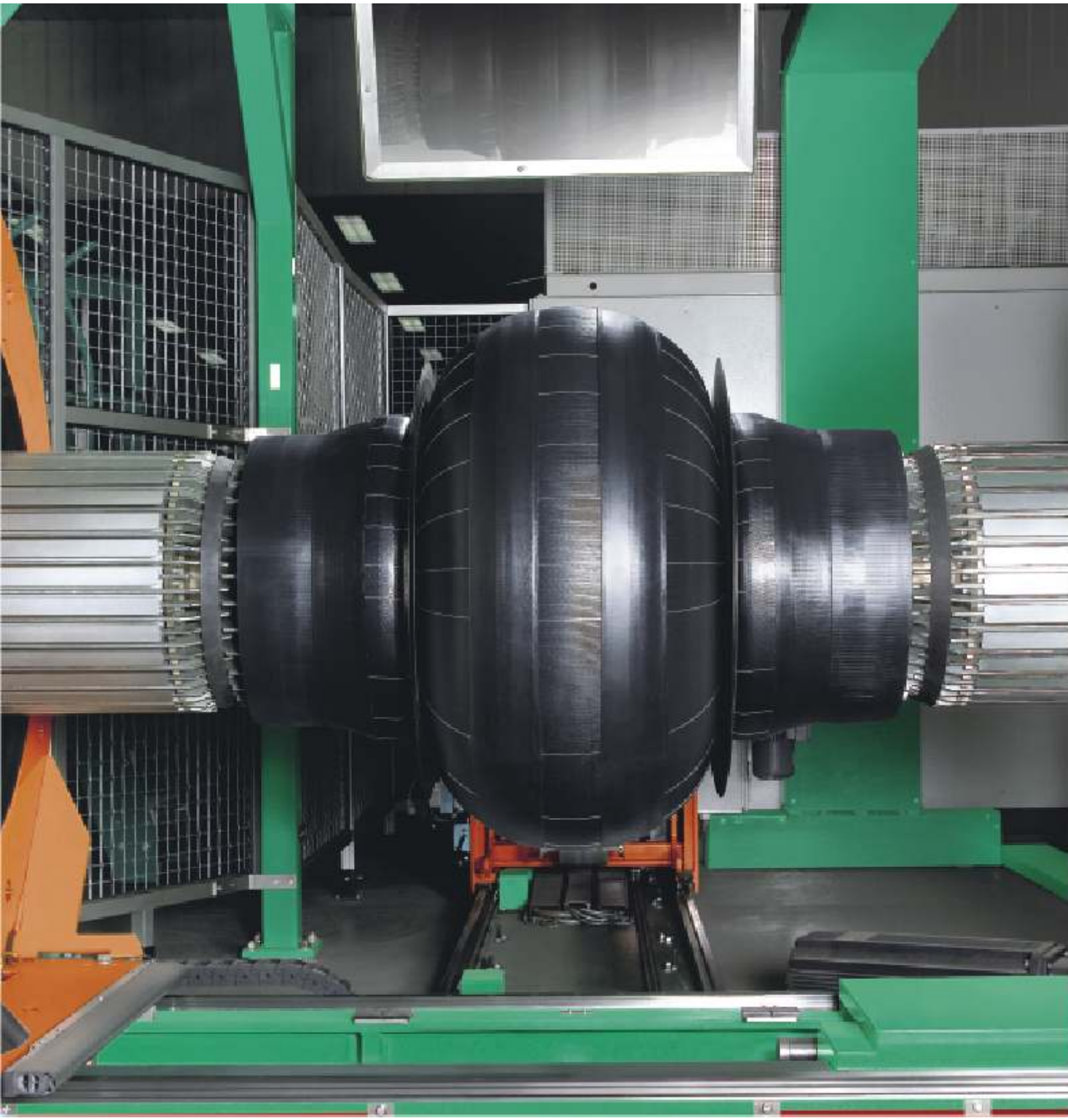
Integration Benefit between Apollo & Dunlop Tyres

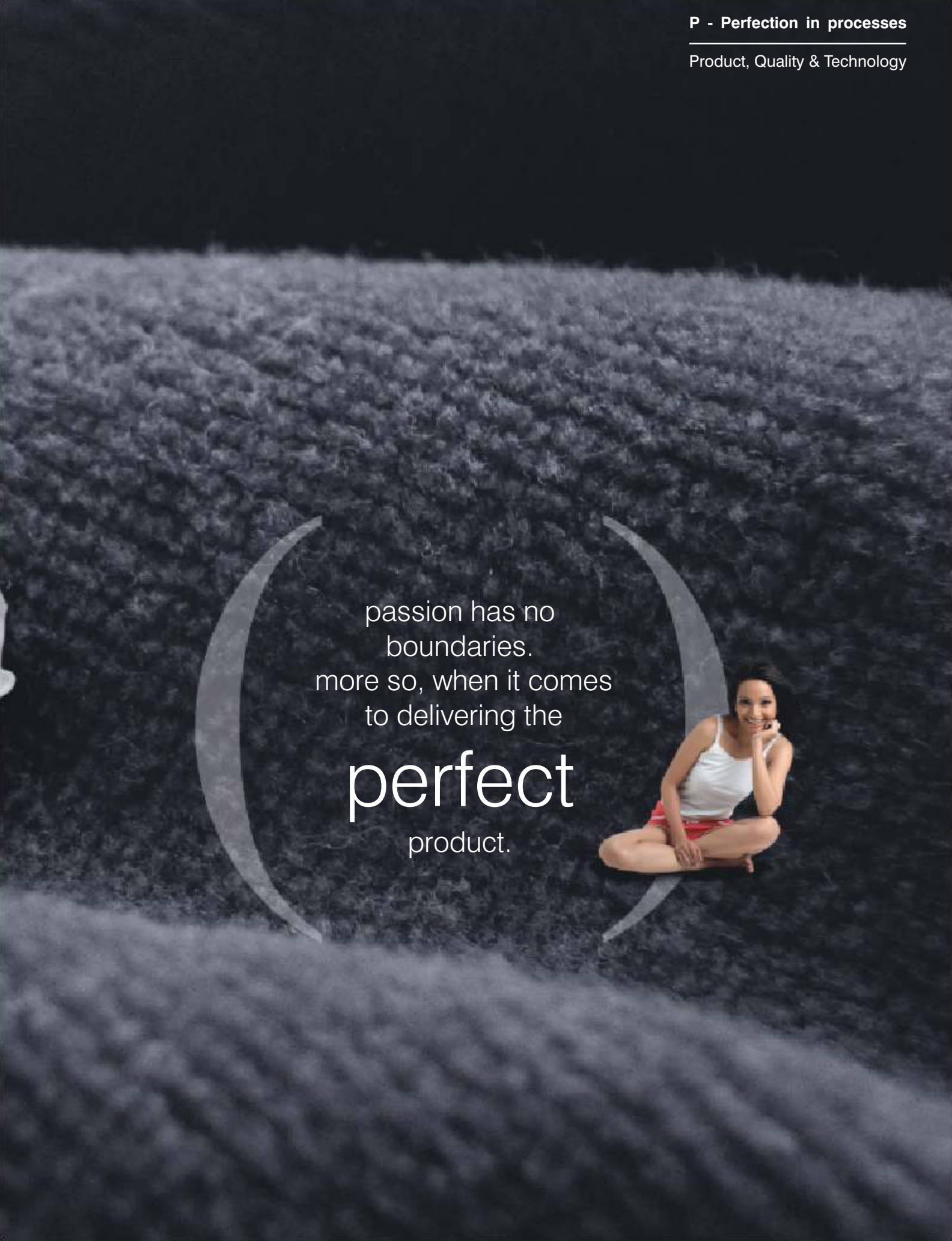
Apollo and Dunlop, both continue to benefit with the acquisition of the latter. Manufacturing-led benefits include lower raw material input costs for the South African operations and strategic benefits to Apollo Tyres from centralised purchasing. Skill transfer through on-the-job training has also enhanced engineering and factory technical staff. Further, a Technical Competency Centre was established to service existing and new product requirements in South Africa and India. The acquisition has also enabled Apollo to outsource products and capitalise on lower manufacturing costs, as well as secure off-shore funding at more competitive rates.

Future benefits of this move in Apollo's journey towards becoming a global player include product range rationalisation along with increased factory output and efficiencies. Synergy benefits of product development will accrue to Apollo and equally important, will be the possibility for global brand positioning and centralised international marketing.

NOTE:

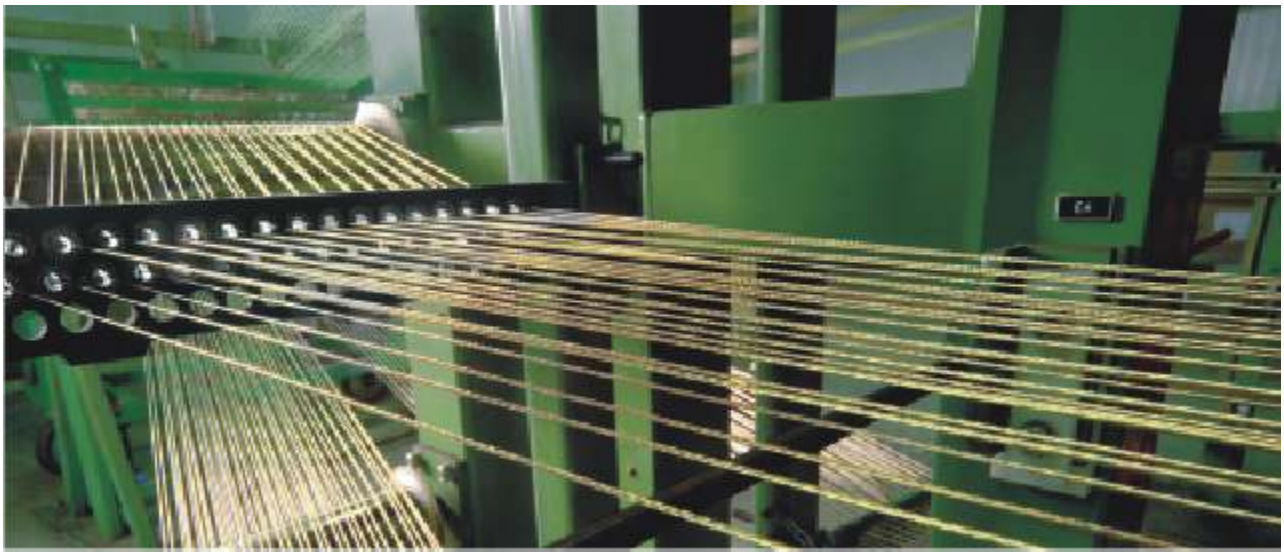
This report contains forward-looking statements that describe our objectives, plans or goals. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditure and financial results, are forward looking statements. These are subject to certain risks and uncertainties, including but not limited to, government action, local, political or economic development, technological risks, risks inherent in the Company's growth strategy, dependence on certain customers, technical personnel and other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Investors should bear this in mind as they consider forward-looking statements.




passion has no
boundaries.
more so, when it comes
to delivering the
perfect
product.

Product, Quality & Technology

A progressive leadership, which allows its people the freedom to express their passion through their work and is willing to implement change has resulted in Apollo's innovative spirit and technically superior product range – from producing India's first 19 inch passenger car tyre catering to the world's leading supercars, to the launch of "concept tyres" which demonstrate the company's ability to deliver on the various aspects of design and technology. Further, the Gold Series in truck-bus cross-ply tyres, the expanded Acelere range and the recently launched V- and W-speed rated high-performance tyres for passenger cars and the dual-bead tyres for light trucks, stand testimony to the company's commitment to offer its customers the technology that is most appropriate to Indian operating conditions. With the launch of DuraTyre - India's first branded retreaded tyre, Apollo's philosophy of growth through learning finally brings to its customers comprehensive tyre solution for their commercial vehicles, under one roof.



Under the umbrella of Passion in Motion – the quality journey initiative continues from previous years. Alongside technological enhancements, the manufacturing process continues to mature and small improvement projects, along with quality certification have started giving results. A larger number of shop floor teams have been accredited in competitions judging quality.

In a price sensitive market like the Indian tyre industry, technological and process related developments are of paramount importance. While Apollo continues its drive to achieve Six Sigma competency, the positive impact from ongoing initiatives is already visible, like the substantial financial savings that have accrued to the Company due to the deployment of these advanced production processes.

Taking the process of growth and learning onto the road, Apollo Tyres is currently conducting extensive road tests on EnduRace, a premium radial for commercial vehicles, which is expected to be launched in the forthcoming fiscal. This new product compliments the company's existing radial range in the category of Duramile for Light Commercial Vehicles and the Regal Transport for Medium to Heavy Commercial Vehicles.

With the exceptional growth of the Company, it has also become necessary to install state of the art infrastructure. High usage of information technology systems hastens the flow of information and allows Apolloites to leverage opportunities across its 140 locations in India.

Apollo's accent on technological developments in order to provide their customers the most gratifying drive is also replicated at Dunlop International. A new, quiet, high-performance tyre option for owners of sporty sedans, the SP Sport 600's distinctive cross-hatched directional tread pattern incorporates three solid centre ribs and circumferential grooves. This provides optimum stability, steering response and boosts the tyres' water evacuation capabilities.

For the light truck product range, LT3+ and SP Endura have been relaunched with a new tread compound and construction changes, allowing for improved application and increased end user benefits.

Since the light delivery vehicle market is extremely sensitive to the price-performance balance, Dunlop LT3+ has been developed to be suitable for both on- and off-road applications – the perfect tyre for the farming and construction industries. Meanwhile, the Endura+ has been developed as a highway tyre, an all-round performer in on-road applications offering improved rolling resistance, increased fuel-saving and improved handling in wet conditions.

At Apollo, learning is an ongoing process, which keeps us at the forefront of technological developments and constantly upgrading our knowledge base.


FIRE
APOLL

you can't stop the

power

of thought.
neither can you stop
the people behind it.

Operations & Manufacturing

As a global leader in the tyre industry, a business requires a network of products and services that anticipate customer requirements and set the benchmark for the entire industry. The people at Apollo Tyres are constantly upgrading their skills and processes to ensure that their customers are delivered a product that not only meets their basic requirements, but is also technically advanced and competitively priced. From sourcing of the raw material to delivering a high performing, state of the art product, extensive care is taken at every step of the cycle of production.

Significant improvements in the manufacturing process itself, have left a favourable mark. Improved PQA scores illustrate that all production units have moved forward in their march towards manufacturing excellence. Meanwhile, technological initiatives like the deployment of Six Sigma has not only brought the Company at par with international norms of production, but has also empowered the manufacturing team with confidence and a sense of pride.

In line with Apollo's vision of becoming a global player, the Company rightfully became the first Indian tyre manufacturer to execute an overseas acquisition. With the acquisition of Dunlop Tyres International (Pty) Ltd in South Africa, the company's scale of operations have expanded exponentially. The Company is further investing in a number of projects throughout their worldwide operations, including over R200 million to expand the TBR and OTR facilities in Durban and another R100 million to upgrade Dunlop's Ladysmith facility. This will increase the production capacity in the Durban factory from 70-85 tons per day to 110 tons – that's a phenomenal expansion to 1100 tyres.

Benefits are accruing to both Apollo and Dunlop through the acquisition of the latter. In terms of manufacturing, one of the prime benefits include lower raw material input costs for South African operations and strategic benefits to Apollo Tyres due to centralised purchasing.

The engineering personnel and factory technical support benefit by the skills transfer through on-the-job training. The organisation has also established a Technical Competency Centre, which provides centralised service to existing and new product requirements in both South Africa and India. The integration of the two companies also enables product outsourcing to capitalise on lower manufacturing costs as well as providing an opportunity to secure off-shore funding at more competitive rates.

Continuing our thrust towards becoming a global player and penetrating deeper into the European Markets, the Company announced a Passenger Car Radial Greenfield in Hungary, one of the East European low cost countries. To cater to the small car tyre segment, the Company also announced a Passenger Car Radial Greenfield in Chennai,. With this the Baroda capacity will concentrate on higher end premium products in the Passenger Car Radial segment. This rationalisation is expected to bring about economies of scale and efficiency in production.

Future benefits of acquisition of Dunlop Tyres include a global brand positioning and hence, centralised international marketing. It will also allow product range rationalisation and accrue synergy benefits of product development, eventually increasing factory output and efficiencies.

These developments are testimony to Apollo Tyres' quest to become a $2 billion company by 2010.

to spark a

revolution,

you don't need
a crowd.
even one person
will do.

People Power

Today, the real differentiator for any progressive organisation, playing in the global arena, is not only the perceived quality of the product but the quality of the people who make the product. At Apollo Tyres the real strength comes from its workforce. It is the commitment, passion and willingness to learn that sets the team apart. The organisation believes in nurturing, enhancing and motivating its people asset by continuous training, exposure and varied learning initiatives.

CREATE – the value system forms the DNA of the Company. Cross learning opportunities, open communication and transparency are key pillars of the Apollo culture. At any given point in time, multiple cross-functional teams work across the organisation, on small and large projects, bringing to life the importance of teamwork. The Company has also built into the system a diversity of views and suggestions which greatly enhance the end product.

At Apollo Tyres, we believe and practice in the philosophy of growth through learning, consistently drawing up new benchmarks and striving to better them. The Apollo Talent Trek team, a cross functional team, works to identify the manpower requirement and establish comprehensible and transparent HR policies for all projects undertaken – Indian and International. Investments in the progressive growth of its people takes the form of the Apollo Laureate Academy, which identifies specific training needs throughout the organisation - in manufacturing, technical innovations, commercial sustainability, quality control, sales and marketing, as well as soft and inter-personal skill development. Hence, the training modules at the Indian Institute of Management, Ahmedabad, are designed for the senior management, at Hero Mindmine for field training and at the Ashok Leyland Training Centre for technical training, among others.

The futuristic vision of the Company aims to empower the workforce with practices and supplementary skills, which not only result in higher output at the workplace, but also develop strong and individualistic personalities. To materialize this vision, Leadership Development Programmes have been initiated, so that high-performing individuals are provided with opportunities to further develop their inherent abilities, while at the same time learn new skills in line with international industry standards. Such holistic initiatives ensure that Apollo's growth is not only progressive, but also sustainable.

Keeping pace with the electronic revolution, the intranet within the organisation houses an e-learning platform called ManageMentor which generates a constant stream of cross-functional knowledge enhancement materials and updates taking place around the globe.

IT systems play a significant role in the management of the organisation's people capital such as the online performance management system. PACE - Performance And Career Enhancement, is the online, matrix-driven performance management system which, allows for objective goal-setting and performance evaluation. In line with the organisation's aim to bring higher transparency in all its operations, this entire system is available online, to track alterations like quarterly appraisals and


HYSTER

bonus payouts, in accordance with corporate and individual achievements. By providing metrics for tracking the performance, growth and potential of each individual, PACE also provides greater objectivity in measuring performance. For these reasons PACE has been widely accepted and appreciated and a version of PACE was also launched to all grade 06 and above staff at Dunlop Tyres. Instilling in the workforce a pay for performance culture, the programme also enables unhindered access to evaluate an individual's growth and the organisation's efforts to encourage these.

With the acquisition of Dunlop Tyres, Apollo Tyres took the initiative to put in place an orientation programme, to promote a better understanding of work cultures and lifestyle between people of the two organisations. This included not only visits from India to South Africa and vice versa, but an opportunity for members of the two organisation to live and experience for themselves, life in their partner countries. Such an investment in the integration of its varied constituents is testimony to the organisations' forward looking approach and efforts to ensure an unhindered flow in its operations for the long term.

Last year the HR policies and systems of Dunlop, SA were integrated with Apollo, so that all components starting from the compensation policy to the training and development of personnel, have been realigned. Taking the integration process a step further, Dunlop Tyres' export department paid a visit to Apollo Tyres recently and the Apollo team made a reciprocal visit to South Africa.

Dunlop Tyres also launched an industrial theatre to communicate the Company's vision, mission and values. With the launch of a 7-module induction program, industrial theatre actors came to the Dunlop factories to entertain and educate the staff on issues like environmental health and safety.

Dunlop also followed the footsteps of its parent company, with a monthly recognition celebration in which members' birthdays were acknowledged with a lucky draw and a gift voucher. Meanwhile, at Apollo, Svago (Fun @ work) saw initiatives like celebration of festivals and selection of the 'Employee of the Year' in an effort to keep the employees motivated and involved with the organisation.

Engagement with the workforce is critical to instilling in them a feeling of ownership and pride. Apollo Tyres has over years, evolved various initiatives to empower its people and will


APOLLO TYRES
unstoppable
APOLLO TYRES
APOLLO TYRES
APOLLO TYRES

understanding a
customer's need is
critical. but even

more

enterprising
is understanding the
need before it arises.

Marketing, Service & Distribution

Besides the product, there is another very important contributor that bridges the journey for the product from the production unit to its final destination. Through our network of marketing and distribution service, we strive to constantly keep the customer in the loop regarding the latest developments at our end. Our marketing efforts reinforce the unstoppable journey that Apollo Tyres has set out on, and invites the people to join us on our passionate trail.

Bringing a 360º experience to the commercial vehicle customer

India's first branded retreaded tyre – Apollo DuraTyre – was launched in May 2007. In contrast to the current low-technology, small-scale operation, offering no warranties on the product, Apollo's DuraTyre, manufactured at Apollo's greenfield manufacturing unit in Kundli, Haryana, India, is a branded, high-technology, warranty product, which gives a performance comparable to a new tyre.

To ensure proximity to the commercial vehicle customer, Apollo's marketing team plans to set up 4-5 similar facilities at locations close to large transportation hubs. Given the time constraints commercial vehicle customers operate under, the increased use of multi-axle vehicles and our improved highway infrastructure, Apollo's DuraTyre comes at just the right time.

At the automated Kundli plant, mono-rails are used to transport the tyres, which ensures standardisation of the product and each casing is put through a scanning process to ensure that DuraTyres are manufactured with only the best quality casings.

In the initial phase, Apollo is looking at North India as the key market, and will gradually take DuraTyre across India as production volumes increase. In two year's time, we are looking at a turnover of Rs 500 crores (Rs 5 billion) from DuraTyre.

With the DuraTyre, Apollo Tyres has become the only Indian tyre Company to offer the commercial vehicle segment a 360° product portfolio – cross-ply and radial tyres, retread material or pre-cured tread rubber, and now retreaded tyres.

The full Regal TBR range is introduced

With the unveiling of the Regal brand truck and bus radial tyres – Transport RS (front axle) and Transport RD (drive or rear axle) – the Apollo team brings home a renowned, international brand of radials. Always working to deliver better technology and greater performance to their customers, the Regal brand which was being produced in Apollo's manufacturing unit in Dunlop, South Africa, is now also rolling out of Baroda, India.

Used extensively in Africa, Europe and Australia, the Regal Transport is the sole tyre used for entire fleet of vehicles of some of the major commercial fleet owners.

Tested extensively in Indian conditions for six months, the Regal Transport radial tyres are clear leaders providing higher mileage, generating lower heat and saving fuel. Due to the use of a specially designed tread compound, they also provide better steering response and traction as well as a higher number of retreading cycles meaning a longer road life.

In tune with the Company's culture of Care for Customers, Apollo Tyres has put in place a dedicated team of techno-commercial experts, called Forza, to work in unison with Apollo's radial tyre customers to bring down their operating costs. Since the correct load and application in the radial commercial segment is important for consumers to extract full benefit, the Forza would be the 'expert tyre consultants' available to ensure that customers do attain the benefit that radial tyres are expected to bring.

Dunlop adopts an exciting new corporate identity

Meanwhile, Dunlop Tyres launched a new corporate identity. The bold yellow and black Dunlop colours were incorporated into the Dunlop logo and applied on stationery and signage to represent the excitement and adventure of this dynamic, leading brand, at the forefront of tyre trends and technologies.

Aspire - India's first 19" passenger car tyre

Apollo's zest for excellence once again made a landmark contribution to technology with the launch of India's first W-speed rated (safe up to 270 km/hr) directional tyres – Aspire. Vehicle designer Dilip Chhabria exclusively created a car complimenting the new product and naming it the same.

Always caring for the customer, Aspire is Apollo's creation for the discerning car enthusiasts, to be used on premier models like the Mercedes E and C Class, Audi A6 and A4, Toyota Camry, Skoda Superb, Laura and Octavia and the Honda Accord.

Marketed through a handful of select high-end tyre dealers across the country, the Aspire will be delivered only against customer bookings. This marketing strategy is another first in the Indian tyre industry. Only those dealerships capable of providing the highest levels of after sales service will be hand-picked in India. Production of the Aspire will commence soon at Apollo's Limda plant in Gujarat, with Europe and South-East Asia as the key export markets.

The 100% silica compound used for the Aspire makes it ecological, fuel efficient with low rolling resistance. Other features of the Aspire include a directional tread pattern, low aspect ratio of the sidewalls and excellent braking, traction and handling. Like the Apollo Acelere Sportz, the Aspire too was tested extensively at the ATP proving grounds in Papenburg (a DaimlerChrysler test facility), where it outperformed chosen benchmark in wet conditions.


APOLLO XT-9 GOLD
10.00-20

‘Concept’ Tyres bring to life Apollo's capabilities and thought processes

Apollo Tyres takes a leap into the future by initiating a new project on ‘concept’ tyres - tyres that demonstrate Apollo’s vision of the future in terms of design, engineering and construction.

Welcoming international collaboration and know how, Apollo Tyres has always been open to fresh ideas and for the creation of a new conceptual design, invited automobile designer Tom design classics like the De Tomaso Pantera, iat 124 Spyder and over 70 other coveted automobile models, who created the Apollo Aspire TT – a bidirectional asymmetric tread pattern, created for greater grip, maneuverings and comfort.

With the showcasing of Apollo Aspire TT at the Auto Expo 2008, New Delhi, Apollo Tyres' treads into the world of concept tyres, which aims to presents unique combinations of tyre components – like performance and safety. Also on display was the Dolphin concept, which has been developed by the Company's in house designers and developers. These creative minds used the tread geometry concept and the bionic form of dolphins leaping out from the central rib, depicting turbulent water. Created keeping in mind a 4x4 application and effectiveness on wet surfaces, they gave the tyre an aggressive off-shoulder for performance on uneven surfaces.

These two concepts are a demonstration of the company's ability to make unique contributions to the various aspects of tyre design and technology and deliver new products. Pushing beyond boundaries, concept tyres is an area that Apollo Tyres is keenly looking at for the future.

Taking centre stage after eight years

After a gap of eight years, Apollo Tyres participated in the Auto Expo 2008 in New Delhi, showcasing not only the vast gamut of passenger car products it has developed in the past few years, but also creating permanent properties for the automobile enthusiast.

The last time Apollo Tyres participated in the Auto Expo, which is Asia's largest automobile exposition, was in 2000, when it began its passenger car tyre journey with the launch of the Amazer XL. Now, it's back as India's premier tyre company, with a complete range, for any car on Indian roads - from the standard to luxury, city-driving to off-road, summer tyres to winter tyres. In addition, there is the commercial vehicle range, farm and OTR or Off-The-Road tyres.

Also on display at the Expo was Apollo EnduRace, the yet-to-be-launched premium radial tyres for heavy commercial vehicles, complimenting the company's existing radial range for commercial vehicles - Duramile for Light Commercial Vehicles and the Regal Transport for Medium-Heavy Commercial Vehicles.

Apollo EnduRace is a premium product, positioned with the best in commercial tubeless radials, ushering in the “second radial revolution” – this time in commercial vehicles as opposed to in the passenger segment earlier.

The Apollo Tyres Mission 2018 is launched

The Apollo Tyres Mission 2018 is the brainchild of Neeraj Kanwar, Vice Chairman & Joint MD, Apollo Tyres, to create the first Indian Singles Grand Slam Tennis Champion by the year 2018. This effort is among the biggest sports initiatives undertaken by any corporate in India.

This initiative is in association with tennis ace Mahesh Bhupathi, Wilson and Sunfeast. Talent-spotting camps across the country were conducted by the best national and international trainers where potential was spotted based on agility, physical fitness, mental acumen and tenacity. This resulted in the first batch of children eligible for India's first-ever comprehensive tennis scholarship, who will undergo world class training, exposure and mentoring by the Foundation for Indian Sporting Talent (FIST) Academy tennis programme. Out of the shortlisted 32, fifteen talented children from four zones qualify for the prestigious Apollo Tyres Mission 2018 Scholarships.

Something to remember us by

In line with the Company's ethos of undying spirit and unyielding strength, Apollo Tyres has developed "The Unstoppable Indians" with NDTV Profit – a TV series focusing on outstanding Indian from myriad fields of business, sports, literature, entertainment, science and social activism, whose power, talent or moral example is transforming India.

Continuing to take the Apollo Tyres brand forward by building new properties, the company also instituted India's first definitive automotive quiz, the Apollo Tyres Auto Expo Quiz, in partnership with CII and Auto Expo, Asia's largest automobile exposition. This quiz is to be a regular feature at each expo. All Expo participants would be eligible to enter the quiz and try their wits at the large cash prizes on offer.

With these and other similar initiatives, Apollo continues to roll out into the world, its passion for excellence.

Wheeling in a world-class retail experience

Reaching out to their customers, Apollo Tyres plans to launch state-of-the-art retail stores across the country, that will take tyre purchase beyond its label of a "grudge" purchase, to an informative, interactive and fulfilling experience.

Bringing into India a global tyre buying experience, the first of its kind brand showroom opened in Patiala, Punjab. With their elaborate displays and prominent branding, these stores have a different look and feel while providing easily accessible complete product information. Each store has two clear zones – for passenger car tyres and for 4 x 4 tyres. Also included is a lounge area, along with a service bay. Trained sales and service staff are present to help customers take informed decisions on the right tyres for their vehicle and driving style.

Always keeping a tight grip on the quality of their products and services, Apollo Tyres follows a stringent criteria for the selection of dealers for these branded stores, based on location, size and business volume.

Meanwhile, Dunlop International introduced the Dunlop Zone - the new, powerful, contemporary name for all Dunlop dealerships, giving their products and services an instantly recognizable identity.

The aim is to provide the customers a cohesive experience, much more than a mere act of purchase, which will lead to the retention of brand loyalty and maintain customer relationships.

The Dunlop Zone interior has been designed to meet these current expectations through the creation of a modern, performance-related environment – from the striking reception and comfortable hospitality areas, to innovative product displays.

sustenance
is the ability to give
back to life.

passion

is when
you give back
more than what
you receive.

Sustainability

By giving back to society in every way possible, one builds synergies with the core business, leading to a sustainable effort. At Apollo Tyres, we believe true sustainability is only ensured by the positive impact of business practices.

The Company has invested in efforts to build awareness about AIDS and has undertaken to bring solutions to the problems of the community at large. Recognising that an optimistic and progressive environment not only enhances productivity, but also promotes a feeling of well being, all around, our initiatives in Corporate Social Responsibility are an integral part of the business activities and not outside them.

The principles of sustainability are inherent in our vision statement focusing on 'continuously enhancing stakeholder value'. CSR is recognized as a key strategy to manage the business and operational challenges. The organisation's strategy is to build key partnerships and linkages to optimise the existing resources in reaching out to more people. The organisation is conscious of the triple bottom line concept and is working towards putting advanced and integrated management system on environment, health & safety and social aspect.

Being a people centric business, at the onset, Apollo Tyres undertook to bring awareness and solutions to the problems effecting those members of the public that are in closest contact with the company – the trucking community. From then on, the CSR activities have expanded to include women, children and the disadvantaged, in collaboration with NGO's and other external agencies.

The current and planned CSR programmes are primarily focusing on Health & Education, in broad alignment with Millennium Development Programme of UNDP. All programmes, except HIV-AIDS, are currently in the domestic market. As the geographies of operations expand, CSR programmes will be undertaken after due needs assessment of the location. Some of the planned activities will require local NGO support . The NGO's selection criteria will be finalized with the plant HR teams.

Health

- HIV – AIDS Initiative is the biggest and most comprehensive programme at Apollo. The organisation recognizes it as a development and workplace issue and has a detailed action plan covering key stakeholders.

- Apollo Tyres Health Care Clinics (for customers i.e truckers) have been established in and around cities like Uttar Pradesh, Tamil Nadu, Maharashtra, Rajasthan, New Delhi, and other large transportation hubs in India. Run by qualified doctors, counselors, pharmacists and outreach workers, the Clinics focus on diagnosis and treatment of sexually transmitted diseases (STD), condom promotion and effective communication to promote behavioural change

- Workplace programme (Employees) in India and SA
- Training and leveraging supply chain in

taking the message forward in line with Apollo Tyres' commitment to capacity building. Sample surveys were also carried out to record the knowledge, attitude, behaviour and practices.

- Emergency Medical Services (EMS) around our manufacturing locations in India.
  - Established highway rescue project in Gujarat and city EMS in Vadodara
  - Plan to launch in Kerala.
- Health Camps & Medical assistance in the villages surrounding the manufacturing location generate awareness about deadly diseases like HIV/AIDS, Malaria, TB, Chicken-gunia etc. Health camps on HIV/AIDS, TB and Malaria are planned for truckers in the Highway regions as well as in the remote villages.
- Provision of artificial limbs to war wounded soldiers.

Education

- Adult Literacy classes for villages.
- Skill development for women in villages with a view to making them self sustained members of the community. Tailoring classes are arranged on an ongoing basis and an Anganwadi (crèche) was also provided to take care of the children from economically underprivileged families.
- Primary education in keeping with Millennium Development Goal in the villages involved awarding scholarships to support bright students from economically backward sections of society.

Infrastructure

- Maintenance of school building in the villages.
- Provision of computers to the schools in the village.
- Provision of water tank for the village as well as laying a pipe line to bring supply of drinking water for the 500 students of the Government Girls High School, Kodakara, Perambra.

Inclusive Growth

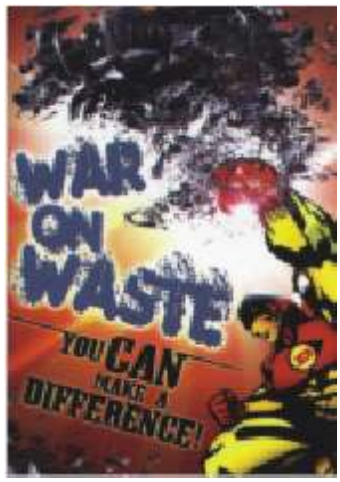
- Opportunity of self employment/entrepreneurship to war wounded soldiers resulting in revenue generation for them and the organisation.

Customer promotion on safe drive

- Conducting Safe Drive campaign on the national expressways, which included checking the tyres for damages or wear patterns to ensure that they were safe for an expressway journey.
- Customers were also given Safe Drive booklets.
- 20 such Safe Drive campaigns have already taken place across the country this year. Twenty more are planned.

Environment

- Wind Energy project initiated six months back along with Suzlon, has enabled tapping into a 8 Megawatt Capacity of wind power, with an expected generation of approximately 1.70 million units of power every year.
- Technology Upgradation along with waste heat recovery has resulted in approximately 39,000 CERs being granted by UNFCCC.
- Dunlop, South Africa has launched the 'War on Waste' campaign, a company-wide initiative to responsibly dispose all waste generated in factories and offices, in an effective and environment friendly manner.



- Steam energy to replace use of RLNG under an agreement with GAIL. The project, based on Waste Heat Recovery System from GAIL's Gas Turbines exhaust, is conceived as a Clean Development Mechanism (CDM) project under Kyoto Protocol. This initiative would enable Apollo Tyres to generate 4 MW of Power and allow the two companies to save around 935 Million Kilo Calories of energy in producing process steam, thereby also avoiding formation of 55000 tonnes of CO_2 per annum.

Activities are continuously redesigned and shaped to suit the dynamic requirement of various programmes. Some activities will need to be managed through expert NGO's. For the future, Apollo Tyres aims to further develop its alliances with the business community, educational institutions, social organisations and community gatherings to spread awareness and take action.

financials

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of your Company for the financial year ended March 31, 2008.

FINANCIAL PERFORMANCE

	Year Ended	
	31.03.2008	31.03.2007
	(Rs./Millions)	
Sales & other Income	42,562.06	37,773.14
Profit before Depreciation &Tax	4,212.57	2,596.45
Less: Depreciation	878.10	742.26
Provision for Tax - Current	975.01	445.65
- Deferred	121.43	238.32
- Fringe Benefit Tax	45.00	36.00
Net Profit	2,193.03	1,134.22
Add: Transfer from Debenture Redemption Reserve	21.70	16.70
Surplus Brought Forward From Previous Year	1,672.12	1,259.30
Profit available for Appropriations	3,886.85	2,410.22
Appropriations:		
Dividend to Equity Shareholders	252.01	208.81
Dividend Tax	42.83	29.29
General Reserve	600.00	500.00
Balance Carried Forward	2992.01	1,672.12

OPERATIONS

During the financial year ended March 31, 2008, sales from operations amounted to Rs.42,469.83 million as against Rs.37,743.43 million during the previous year, recording a growth of 12.52%.

Operating profit, before interest and depreciation, amounted to Rs.4,732.98 million, as against Rs.3,122.93 million during the previous year. Net profit, after providing for interest, depreciation and tax amounted to Rs.2,193.03 million as against Rs.1,134.22 million during the previous year, registering an increase of 93.35%.

Your Company has achieved all time high profit and robust growth in its operations supported by a motivated management team, aggressive marketing initiatives, better working capital management and overall cost reduction measures adopted by the Company. The cost management and production efficiencies helped in maintaining a good profitable track record despite increase in input costs.

PRODUCTION

During the year, your Company has achieved 7.81% growth in production tonnage by registering production of 2,90,000 MT as against 2,69,000 MT in the previous year. All expansion programmes were implemented successfully as envisaged, by increasing total capacity across all plants to 744 MT/day from 736 MT/day.

SHARE CAPITAL

During the year, your Company has allotted 24.42 million equity shares of Re.1/- each at a premium of Rs.28.30 to Promoters on conversion of 2.442 million warrants. Your Company's share capital as on 31st March, 2008 has increased from Rs.464.02 million to Rs.488.44 million after the said allotment. Subsequently, promoters have exercised last tranch of their option for conversion of 1.558 million warrants into 15.58 million shares on 18th April, 2008, thereby, increasing share capital to Rs.504.02 million.

The face value of equity shares of your Company has been splitted from 1 equity share of Rs.10/- each into 10 equity shares of Re.1/- each w.e.f. 27th August, 2007, in pursuance of the resolution passed in the Annual General Meeting held on 26th July, 2007.

DIVIDEND

Your directors recommend a dividend of 50% per equity share for the financial year 2007-08, for your approval. There will be no tax deduction at source on dividend payments, but your Company will have to bear tax on dividend @16.995%, inclusive of surcharge.

The dividend, if approved, shall be payable to the shareholders registered in the books of the Company and the beneficial owners as per details furnished by the depositories, determined with reference to the book closure from1st July, 2008 to 18th July, 2008 (both days inclusive).

RAW MATERIALS

The year under review witnessed softening of major raw material prices initially, followed by a sharp increase towards the end of the year. Natural rubber prices were stable during the first half of the year under review but witnessed continuous increase thereafter due to shortage of supply. Production of natural rubber was badly hit globally due to bad weather in Malaysia and Thailand and in particular in India where production was substantially down due to major spread of viral fever in Kerala.

Crude oil prices increased approx. 25% during the year under review and the impact of the same was felt in prices of other petro based raw materials like nylon tyre cord fabric, synthetic rubber and carbon black but the depreciation of US dollar partially offset the increase.

Later part of the year under review also witnessed shortage in the supply of major raw materials like rubber chemicals, synthetic rubber, carbon black & bead wire. These shortages are due to closure of major plants, tight availability of intermediates like butadiene, carbon black feed stock, high carbon wire rod etc. and continuing strong demand from Asia.

While anti dumping duties continued on raw materials like nylon tyre cord fabric, rubber chemicals and EPDM, fresh investigation started on some other major rubber chemicals which were not having anti dumping duty so far.

Your company, in order to remain competitive in sourcing raw materials, had to resort to effective leverage of strategic procurement tools like long term relationship with vendors, forecasting and planning based on real time information in a dynamic environment.

The raw material environment continues to challenge our industry in terms of cost pressure. The inverted duty structure where customs duty on imported natural rubber is 20% against 10% customs duty on import of finished tyres further aggravates the pressure. Your Company continued to focus on strategic partnership with key suppliers of raw materials and expanding the sourcing network across the world to leverage competitive prices.

DOMESTIC MARKETING

Having achieved leadership in the Indian market by leveraging the spirit of enterprise of our people, strengths in quality manufacturing processes and product development, your company is today seeking new challenges and markets, identifying customer needs, innovating to design new products and develop new delivery systems and growing with certainty and responsibility.

Yours is a Company that has always measured its success and well being in that of its stakeholders; be it customer, dealer, employee or member of the wider community. Consistent performance has translated into customer delight, profits, and return on investment.

This year saw your Company exceeding the overall industry growth and meeting its targets in all the product categories. During the year under review, the Company recorded a healthy growth of 7.3% in truck, 20.4% in passenger car radial, 39.7% in light commercial vehicles and 8.9% in tractor rear.

Significant strides were made in the realm of the marketing strategy tripod covering Product Leadership, Customer Intimacy and Operations Excellence.

The efforts at building greater brand equity in global markets have received a fillip with the launch of Winter Tyres and Concept Tyres at the New Delhi Auto Expo in January this year. Acelere Ice and Hawkz Ice (meant for passenger vehicles and 4x4s), are the first ever India Made winter tyres and will be sold across Europe and North America. On a similar note, showcasing of indigenously developed Aspire TT and Dolphin Concept Tyres marked another first in the Indian tyre industry.

In the realm of commercial vehicles, Endurance, a premium radial is currently undergoing extensive road tests and will be launched in the forthcoming fiscal. This new product compliments the company's existing radial range in the category of Duramile for light commercial vehicles and the Regal Transport for medium to heavy commercial vehicles.

This year also saw the introduction of the 360 Degree Offer - Complete Tyre Solutions for commercial vehicle customers. The "Apollo Exchange Offer" and "Own Today Pay Later" are two initiatives which are an industry first in the Indian market and complete product offerings covering new bias tyres (Apollo, Kaizen), new radial tyres (Regal), retreading material (Duratread), and retread tyres as a product (Duratyre).

The 2008 J.D. Power India original equipment tyre total customer satisfaction index report for the year 2007-08 ranks your Company in the second place. The rating is for all the passenger vehicle tyre brands that are fitted as OE and is significant progress for the Company given that its OEM journey in passenger vehicle tyres is young.

By consistently outpacing the market growth, your Company has been the fastest growing tyre brand in the country. More and more OEMs have added Apollo as an approved supplier - General Motors, Hyundai, Skoda, ICML, Tata Motors - have been recent additions to the list.

To facilitate the development of organization wide culture of data and knowledge driven analysis and decision making, your Company embarked upon the Six Sigma journey. The first batch of Black Belts has successfully completed their projects and their achievements. This indicates that the efforts are on the right track in company's quality journey.

EXPORTS

The passenger car tyres exports lead the exports growth story with sales, in numbers, registering over 30% growth during the year under review. In doing so, Apollo also retains the distinction of being the largest exporter of passenger car tyres from India.

Apollo also pushed ahead with new marketing initiatives, the most distinct being the high decibel participation at the Singapore Tyre Expo in September, 2007, the largest tyre expo in South East Asia. Though this was Company's first participation, it was awarded the "Gold Award" for being the most innovative tyre stand.

"Winning Edge", the incentive oriented marketing programme, continued to shore up the Apollo brand equity at the grassroot levels, with increased participation from the network in creating new and innovative visibility at retail level. As part of the fraternization initiatives with the local network, a team of key retailers from Kenya visited the company's factory in India to know first hand about the Company and its product.

A centralized supply chain concept is also gaining ground, to supply to customers from different plant locations across India & South Africa and planned facilities at other places including Europe, keeping the logistics costs to the minimum and thus passing the benefit to the customers.

While 2007-08 has been a year of growth in volumes, the new financial year 2008-09, would embark Apollo truly on a global platform with supplies from transnational locations, with increased brand portfolio, and continued efforts on brand building & other marketing initiatives.

EXPANSION PROGRAMME/FUTURE OUTLOOK

During the year under review, your Company has announced setting up of a greenfield plant for manufacture of radial tyres in Hungary. The project will have an estimated investment of Rs.12,000 million. (€ 200 million) over next 5 years and the plant would achieve a capacity of 7 million passenger car radial tyres per annum. One of the key strategies of your Company is to establish a foothold in the mature and large market of Europe and the proposed plant in Hungary would help in achieving that objective. This plant would take us closer to the customer and make us a local player along with global majors in the European markets.

In line with the objective of profitable growth in all segments, your Company embarked upon setting up a manufacturing facility for production of bias OTR (Off The Road) tyres at Limda plant. The plant would have a capacity of 10 MT/day and is scheduled to go on stream by end of 2008-09.

In order to keep pace with the high growth area of passenger car market, your Company commenced project activities to set up a State of the art manufacturing base for production of 3.5 Million passenger car tyres per year in Oragadam, Chennai. The facility would cater to original equipment manufacturers and to replacement market requirements.

Your Company earmarked an investment of Rs.3.2 billion for OTR and Chennai plants put together.

To cater to growing demand, existing capacity of radial passenger car, radial light truck and truck bus radial tyres in Limda is proposed to be expanded from approx. 12,200 nos. per day to approx. 17,800 nos. per day. The expanded capacity is scheduled to go on stream by end of 2008-09.

Existing bias capacity in Perambra plant is proposed to be increased by approx.11%. The expanded capacity is scheduled to go on stream by 3rd quarter of 2008-09.

SUBSIDIARY COMPANIES

During the year under review, in order to achieve its vision of Global player, your Company incorporated Apollo Tyres AG (Switzerland) w.e.f. 4th July, 2007 as wholly owned subsidiary of Apollo Tyres Ltd. which has further incorporated two subsidiaries viz. Apollo Tyres Kft (Hungary) w.e.f. 11th February, 2008 and Apollo Tyres GmbH (Germany) w.e.f. 27th February, 2008 respectively. Apollo (Mauritius) Holdings Pvt. Ltd. (Mauritius), your Company's subsidiary has also incorporated its subsidiary Apollo Tyres Pte Ltd. (Singapore) w.e.f. 28th February, 2008.

During the year, two subsidiary companies, Apollo Automotive Tyres Ltd. and Apollo Radial Tyres Ltd. have been desubsidiarized w.e.f. 21st December, 2007.

The members may refer to the statement under Section 212 of the Companies Act, 1956,forming part of accounts, for further information on company's subsidiaries.

The Central Government vide its letter No.47/194/2008-CL-III dated 9th April, 2008 has accorded its approval under Section 212 (8) of the Companies Act, 1956, exempting the company from attaching the accounts of the subsidiary companies. However, the consolidated accounts are attached to the accounts of your Company.

The copy of the annual report of the subsidiary companies will be made available to shareholders on request and will also be kept for inspection by any shareholder at the registered office and corporate office of your company, and its subsidiary companies.

FIXED DEPOSITS

Your company is not accepting fixed deposits from the public/shareholders. In respect of fixed deposit issued earlier, cheques had been issued for the deposit amount and interest thereon amounting to Rs.1.73 million, which remained unencashed as on March 31, 2008. Out of this amount, Rs.0.42 million has remained unclaimed for more than seven years, and had been transferred to Investor Education and Protection Fund on 11th May, 2005.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self explanatory.

COST AUDIT

M/s. N. P. Gopalakrishnan & Co., cost accountants, have been appointed to conduct cost audit for the year ended March 31, 2008. They will submit their report to the Board of Directors before forwarding it to the Ministry of Corporate Affairs, Government of India.

BOARD OF DIRECTORS

Mr. K. Jose Cyriac , Nominee Director of Govt. of Kerala has resigned from the directorship of the Company w.e.f. 9th May, 2008. The Board places on record its appreciation for the contribution made by Mr. K. Jose Cyriac during his tenure of Directorship.

Mr. A. K. Purwar was appointed as an additional director of the company w.e.f. 26th October, 2007. He holds office till the date of the ensuing Annual General Meeting. The Company has received requisite notice together with deposit, as provided under Section 257 of the Companies Act, 1956, from a shareholder proposing the appointment of Mr. A. K.Purwar as a director liable to retire by rotation.

The present tenure of Mr. Neeraj Kanwar, Vice Chairman & Jt. Managing Director and Mr. Sunam Sarkar as Whole-time Director is up to 27th May, 2009 and 27th January, 2009 respectively. The Remuneration Committee and Board of Directors at their meeting held on 9th May, 2008 considered and approved the re-appointment of Mr. Neeraj Kanwar, Vice Chairman & Jt. Managing Director and Mr. Sunam Sarkar as Whole-time Director for a further period of five years w.e.f. 28th May, 2009 and 28th January, 2009 respectively subject to approval of the members at the ensuing annual general meeting.

Mr. T. Balakrishnan, Mr. Robert Steinmetz and Mr. Raaja Kanwar retire by rotation at the forthcoming annual general meeting and being eligible offer themselves for re-appointment.

None of the Directors are disqualified under Section 274 (1) (g) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as required u/s 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-A to this report.

CORPORATE GOVERNANCE REPORT

A detailed report on corporate governance duly certified by the auditors is given in Annexure-B to this report.

AUDITORS

M/S Deloitte Haskins & Sells, Chartered Accountants, the auditors of your Company, will retire at the ensuing annual general meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure-C of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956, your directors state that:

I) In preparation of the annual accounts for the year ended March 31, 2008, the applicable accounting standards have been followed and there has been no material departure;

ii) The selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as of March 31, 2008, and of the profit of the company for the year ended as on date;

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) The annual accounts have been prepared on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Central Government and the State Governments of Kerala, Gujarat, Maharashtra and Haryana for their continued co-operation. Your Directors wish to place on record their sincere appreciations to all the bankers, financial institutions, customers, suppliers and stakeholders for their continued support and patronage during the year under review. The Board further wishes to record their deep sense of appreciation for the committed services of the people across the organisation.

For and on behalf of the Board of Directors

(Onkar S. Kanwar)
Chairman & Managing Director

Place : Gurgaon.
Date : 9th May, 2008

Annexure-A

ANNEXURE TO DIRECTORS' REPORT

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Information under Section 217 (1) (e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2008.

A) CONSERVATION OF ENERGY:

(a) Measures taken for conservation of energy:

Your Company continues to invest in replacement of low energy efficiency systems and installations with effective and high efficiency systems in order to retain the competitive advantage despite raising energy costs. The new systems include installation of boiler economizers, superior insulation systems and flash steam systems etc.

In addition to the existing 8 MW wind power generation unit, your Company made further investment in 7.5 MW wind power generation unit in Gujarat to bring down overall energy cost.

(b) Additional investment and proposal for reduction of energy usage:

Your company proposes to switch over to low cost fuels and systematic replacement of low energy efficient systems in order to reduce usage of energy.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have enabled the Company to achieve reduction in power and fuel consumption.

(d) Total energy consumption and energy consumption per unit of production.

FORM A

PARTICULARS	Unit Measure	Total	
		2007-08	2006-07
A POWER/FUEL CONSUMPTION			
1 Electricity			
a. Purchased Units	(in Million)	106.91	125.81
Total Amount	(Rs./Million)	438.58	526.64
Rate per Unit	(Rs.)	4.10	4.19
b. Own Generation			
I) Total Captive Generation			
- Units	(in Million)	33.13	29.67
- Units / Ltr. Of Diesel / Furnace oil		4.39	3.97
- Cost / Unit	(Rs.)	5.96	5.25
ii) through steam turbine/generator			
- Units	(in Million)	35.98	33.68
- Units / Ltr. Of Diesel / Furnace oil		5.94	6.10
- Cost / Unit	(Rs.)	2.22	1.53
2 Coal		-	-
3 Furnace oil / LSHS			
Quantity	(K.Ltrs)	43574.86	43522.49
Total Amount	(Rs./Million)	639.59	579.14
Average rate	(Rs.)	14.68	13.31
4 Other / internal generation		-	-
B CONSUMPTION PER UNIT OF PRODUCTION			
Electricity	(KWH/MT)	673.67	731.75
Furnace Oil / LSHS	(Ltrs/MT)	166.77	168.37
Coal & Others		-	-

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per form B

I) Research & Development

(1) Specific areas in which R&D is carried out by the Company:

Technology leadership is at the core of all research and development activities of the Company. Multi-disciplinary teams of scientists and technologists, through a synergistic blend of knowledge, experience and hard work, are actively engaged in retaining company's technological leadership.

R&D's remarkable efforts supported the company's vision to be self sufficient in technology, which has helped in entering the global markets with world-class products.

R&D has helped in developing high performance & environment friendly products to satisfy customers' requirement, elimination of carcinogenic materials, use of novel materials & technologies, predicting product life through establishment of tyre ageing & shearography analysis.

(2) Benefits derived as a result of R&D:

Besides introduction of new sizes in various segments, the R&D efforts have resulted in development of Run-flat & Winter Tyres for national & international markets. Substantial work has already been carried out towards replacing the carcinogenic materials to meet Kyoto Protocol and similar other treaty demands to eliminate all the carcinogenic, nitrosoamine forming and other hazardous materials used at present for manufacturing the tyres.

(3) Future Plan of Action :

In line with organization's ambitious goal to be a significant global player, R&D team is focusing on development of new range of products for OTR, PCR & TBR sectors for International market.

(4) Expenditure on R&D:	(Rs./Million)
(a) Capital	15.89
(b) Deferred revenue expenditure	0.00
(c) Revenue	107.42
(d) Total	123.31
(e) Total R&D expenditure as a % of turn over	0.29%

II) Technology absorption, adaptation and innovation

(1) Efforts towards technology absorption, adaptation and innovation:

With a view to improve the manufacturing efficiency, concepts like "combining of operations" and "elimination of non value added operations" were applied across the manufacturing process through "Process Optimization and Value Stream Mapping". These projects include optimization of mixing cycle, modification of extruded profile, usage of special bead wire, productivity improvement etc.

(2) Benefits derived as a result of the above efforts:

Significant improvements have been achieved in the final productivity by reduction of tyre cure cycle through re-engineering the process and optimizing the heat input. The Six Sigma Methodology was applied across the manufacturing process with the help of Black Belt and Green Belt Projects achieving substantial reduction in the consumption of indirect material, specific power consumption, process re-engineering for reducing the cost of conversion and minimizing variation for improving the quality.

Specific technology development projects have been undertaken to consume more of synthetic rubber in Bias Tyres to conserve costly natural rubber. Total re-engineering of existing product line was undertaken to improve product life cycle by reducing and optimizing rubber distribution across the structure. New methodology was adopted in bias tyre design, thereby achieving substantial reduction in total rubber mass with improvement in structural performance. Specific projects were undertaken to substitute virgin rubber with 'regenerated material' both for process and cost advantages.

(3) Technology imported:

a) No technology was imported during the year.

b) Year of import – Not applicable.

c) Has the technology been fully absorbed: So far no technology has been imported during the year.

d) At present all technology advancements in Plants have been predominantly due to internal R&D efforts.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The company exports directly and also through Apollo International Ltd., an associate company.

	(Rs./Million)
i) Foreign Exchange Earnings:	
- On account of direct - export sales from Apollo Tyres Ltd. (FOB value)	940.24
- Others	-
ii) Foreign Exchange outgo (other than CIF value of imports)	249.87

Annexure-B

CORPORATE GOVERNANCE REPORT

Your Company has complied in all material respects, with the requirements of the Corporate Governance Code as per clause 49 of the listing agreement with the stock exchanges.

A report on the implementation of the Corporate Governance Code of the listing agreement by your Company is furnished below:

1. Company's philosophy on Corporate Governance

At Apollo Tyres Ltd., Corporate Governance brings direction and control to the affairs of the Company in a fashion that ensures optimum return for stakeholders. Corporate Governance is a broad framework, which defines the way Apollo Tyres functions and interacts with its environment. It is a combination of voluntary practices and compliance with laws and regulations in each of the markets the company operates in, leading to effective management of the organisation.

The Company is guided by a key set of values for all its internal and external interactions. These are enshrined in the acronym CREATE which stands for Care for customer, Respect for associates, Excellence through teamwork, Always learning, Trust mutually and Ethical practices.

Simultaneously, in keeping with best practices, your Company seeks to execute the practices of corporate governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on the following:

(a) Transparency by classifying and explaining the Company's policies and actions to those towards whom it has responsibilities, including its employees. This implies the maximum possible disclosures without hampering the interests of the Company and those of its shareholders.

(b) Accountability is a key pillar, where there cannot be a compromise in any aspect of accountability and full responsibility, even as the management pursues profitable growth for the Company.

(c) Professionalisation ensures that management teams at all levels are qualified for their positions, have a clear understanding of their roles and are capable of exercising their own judgement, keeping in view the Company's interests, without being subject to undue influence from any external or internal pressures.

(d) Trusteeship brings into focus the fiduciary role of the management to align and direct the actions of the organisation towards creating wealth and shareholder value in the Company's quest to establish a global network, while abiding with global norms and cultures.

(e) Corporate Social Responsibility ensures the promotion of ethical values and setting up exemplary standards of ethical behaviour in our conduct towards our business partners, colleagues, shareholders and general public. Through this the Company also ensures that it contributes to society's overall welfare by undertaking not-for-profit activities which would benefit all or any of its stakeholders in society.

(f) Safeguarding integrity ensures independent verification and truthful presentation of the Company's financial position. For this purpose, the Company has also constituted an Audit Committee which pays particular attention to the financial management process.

(g) Continuous focus on training & development of employees and workers to achieve the overall corporate objectives, while ensuring employee integration across national boundaries.

Your Company is open, accessible and consistent with its communication. Apollo Tyres Ltd shares a long term perspective and firmly believes that good Corporate Governance practices underscore its drive towards competitive strength and sustained performance. Thus, overall Corporate Governance norms have been institutionalised as an enabling and facilitating business process at the Board, Management and at all operational levels.

2. Board of Directors

(a) Composition of Board: The Company has a broad-based Board and meets the 'Composition' criteria. As on March 31, 2008 the Company's Board of Directors consist of 15 Executive and Non-Executive Directors, including leading professionals in their respective fields. The following is the percentage of executive and non-executive directors of the company:

Category of Directors	No. of Directors	% of Total no. of Directors
Executive	4	27
Non Executive:		
- Independent Directors	10	67
- Others	1	6
Total	15	100

(b) The constitution of the board and attendance record of directors is given below:

Name/Designation of Director	Executive/ Non-Executive/ Independent	No. of positions held in other companies		No. of Board Meetings attended	Attendance at last AGM
		Board#	Committee##		
Mr. Onkar S.Kanwar Chairman & Managing Director	Promoter – Executive	5	1	4	Yes
Mr. Neeraj Kanwar Vice Chairman & Jt. Managing Director	Executive	4	2	4	Yes
Mr. A.K. Purwar (Appointed as an additional director on 26th October, 2007)	Non-Executive Independent	4	-	2	N.A.
Mr.K.Jacob Thomas	Non-Executive Independent	3	1	4	Yes
Mr. K. Jose Cyriac * Nominee Director – Govt. of Kerala (Equity Investor)	Non-Executive Independent	7	-	2	No
Mr.M.R.B.Punja	Non-Executive Independent	6	3	4	Yes
Mr. M.J. Hankinson	Non-Executive Independent	-	-	4	Yes
Mr.Nimesh N. Kampani	Non-Executive Independent	6	4	2	Yes
Mr.Raaja Kanwar	Non-Executive	5	-	2	No
Mr.Robert Steinmetz	Non-Executive Independent	-	-	3	Yes
Mr.Sunam Sarkar Chief (Corporate Strategy & Marketing) & Whole Time Director	Executive	-	-	4	Yes
Mr.Shardul S.Shroff @	Non-Executive Independent	6	3	Nil	No
Dr. S. Narayan	Non-Executive Independent	4	1	2	No
Mr. T. Balakrishnan Nominee Director – Govt. of Kerala (Equity Investor)	Non-Executive Independent	14	1	3	No
Mr.U.S.Oberoi Chief (Corporate Affairs) & Whole Time Director	Executive	1	1	4	Yes

#This includes directorships held in public Ltd. companies and subsidiaries of public Ltd. companies and excludes directorships held in private limited companies and overseas companies.

##For the purpose of committees of board of directors, only Audit and Shareholders' Grievance committees in other public Ltd. companies and subsidiaries of public Ltd. companies are considered.

* Mr. K. Jose Cyriac , Nominee Director of Govt. of Kerala has resigned from the directorship of the Company w.e.f. 9th May, 2008.

@ Mr.Shardul S.Shroff is a partner of M/s.Amarchand & Mangaldas & Suresh A.Shroff & Co., carrying out the practice of solicitors and advocates on record, to whom the company has paid fee of Rs.2.90 million for the year 2007-2008 for professional advice rendered by the firm in which he is interested. The board has determined that such payment in the context of overall expenditure by the company, is not significant and does not affect his independence.

None of the directors of your company is a member of more than 10 committees or is the chairman of more than five committees across all the companies in which they are directors.

(c) Relationship amongst Directors

Mr.Neeraj Kanwar, Vice Chairman & Jt.Managing Director and Mr.Raaja Kanwar, Director are sons of Mr.Onkar S.Kanwar, Chairman & Managing Director.

(d) Profile of the Chairman

Mr.Onkar S.Kanwar is the Chairman & Managing Director of Apollo Tyres Ltd. Mr.Kanwar has graduated in science and administration from University of California. Innovation, quality and exclusivity are Mr.Kanwar's guiding principles, which have helped the company to achieve a great turnaround. He is the past President of Federation of Indian Chamber of Commerce and Industry (FICCI). Mr.Kanwar has also held the office of Chairman of Automotive Tyres Manufacturing Association (ATMA), the apex body of the Indian tyre industry and is a past President of the Indian arm of the International Chamber of Commerce.

(e) During the year, four board meetings were held on the following dates: -

1st May, 2007

26th July, 2007

26th October, 2007

15th January, 2008

The gap between any two meetings never exceeded four months as per the requirements of clause 49 of the listing agreement. The required information was suitably placed before the Board to the extent possible at the Board Meetings.

3. Audit Committee

a) Constitution and Composition of Committee:

The Board of Directors constituted an audit committee in the year 1992. The present audit committee comprises of following three non-executive and independent directors who have financial/accounting acumen to specifically look into the internal controls and audit procedures:

Name of Director	Designation	Category of Director	No. of meetings attended
Mr. M.R.B. Punja	Chairman	Non- Executive Independent	4
Mr.K. Jacob Thomas	Member	Non- Executive Independent	4
Dr. S. Narayan	Member	Non- Executive Independent	2

In addition to the members of the audit committee, these meetings are attended by the Heads of accounts & finance and other respective functional heads, internal auditors, cost auditors and statutory auditors of the Company, wherever necessary, and those executives of the company who are considered necessary for providing inputs to the committee. Members have discussions with the statutory auditors during the meetings of the committee and the quarterly/half-yearly and annual audited financials of the company are reviewed by the audit committee before consideration and approval by the board of directors. The committee also reviews the internal control systems, IT systems and conduct of the internal audit.

b) Meetings:

During the financial year, the audit committee met four times on the following dates: -

30th April, 2007

25th July, 2007

26th October, 2007

15th January, 2008

c) Mr.P.N. Wahal, Company Secretary, acts as secretary of the committee.

d) Role of Internal Auditors

The organisation considers the Internal Audit Department as a powerful tool with clear focus on risk control and governance. Internal Auditing assesses and promotes strong ethics and values within the organisation and serves as an educational resource regarding changes and trends in the business and regulatory environment.

At Apollo, the Internal Audit Team aims at audit of the organisation which is reflected by quality review of all major functional areas- Production, Marketing, Sales, Technical, Commercial and Finance. Besides legal and compliance issues, Internal Audit function supports in evaluation of Internal Control Systems and locating all other important issues, which contribute to organisational objectives of customer delight, employee satisfaction, operating profit margin increase and revenue growth.

Internal Audit also provides objective assurance to the Board on all the major findings during their audit.

e) Terms of reference:

The audit committee has been entrusted with the following responsibilities: -

- Overview of the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommend the appointment/removal of external auditors, nature and scope of audit, fixation of audit fee and payment for any other services to external auditors.
- Review with the management, the quarterly/half yearly and annual financial statements before submission to the board focusing primarily on:-
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Discussion and review of the internal audit reports and the reports of the external auditors with the management.
- Review of the adequacy and effectiveness of internal audit function, the internal control system of the company, compliance with the company's policies and applicable laws and regulations.
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Discussion with internal auditors about significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Reviewing the company's financial and risk management policies.
- Looking into the reasons for substantial defaults, if any, in payments to the depositors, debentureholders, shareholders
- Reviewing on going relationship of business partners.

The audit committee may also review such matters as are considered appropriate by it or referred to it by the board.

4. Remuneration Committee

a) Constitution and Composition of the Committee:

The Board of Directors had constituted a Remuneration Committee in the year 2003. The present composition of the Remuneration Committee is as follows:

Name of Director	Designation	Category of Director	No. of meeting attended
Mr.M.R.B.Punja	Chairman	Non- Executive Independent	1
Mr.K.Jacob Thomas	Member	Non- Executive Independent	1
Dr.S.Narayan	Member	Non- Executive Independent	1

b) Meetings of the Committee:

During the financial year, the Remuneration Committee met on 30th April, 2007.

c) Mr. P.N. Wahal, Company Secretary, acts as the secretary of the Committee.

d) Terms of Reference

The Remuneration Committee has been entrusted with the following responsibilities:

- To review and grant annual increments to Managing / Joint Managing Director.
- To vary and/or modify the terms and conditions of appointment/re-appointment including remuneration and perquisites, commission etc. payable to Managing Directors within the overall ceiling of remuneration as approved by the members.
- To suitably suggest changes based on changes in Schedule XIII of the Companies Act, 1956 and/or any amendments and/or modifications that may be made by the Central Govt. from time to time.
- To do all such acts, deeds, things and execute all such documents, instruments and writings as may be considered necessary, expedient or desirable on this subject.

e) Payment of remuneration/sitting fee to the directors.

Remuneration paid/payable to directors during the financial year 2007-2008 is given below:

i) Executives:

(Rs./Million)

Name of Director	Salary	Contribution to PF/ Superannuation	Commission/ Performance Bonus	Perquisites	Total Remuneration
Mr.Onkar S.Kanwar	18.00	4.86	106.00	26.51	155.37
Mr.Neeraj Kanwar	4.80	1.30	4.80	4.66	15.56
Mr.Sunam Sarkar	1.92	0.52	2.97	2.37	7.78
Mr.U.S.Oberoi	2.26	0.61	2.62	2.61	8.10

The remuneration policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them on their contribution. The criteria for payment of remuneration to the executive directors takes into account the business plans and market conditions.

ii) Non-Executives: Sitting fee and commission paid/to be paid to the non-executive directors is in pursuance of the resolution passed by the Board.

During the year, the following fee/ commission was paid/payable to the non-executive directors :-

Name of Director	Sitting fee (Rs./million)	Commission provided as on 31st March, 2008 (Rs./million)	No. of Shares held as on 31st March, 2008	Stock Option, if any
Mr. A.K. Purwar	0.04	0.29	Nil	N.A.
Mr.K.Jose Cyriac *	0.04	0.67	Nil	N.A.
Mr.K.Jacob Thomas	0.22	0.67	442050	N.A.
Mr.M.R.B.Punja	0.18	0.67	Nil	N.A.
Mr.M.J. Hankinson	0.08	0.67	Nil	N.A.
Mr.Nimesh Kampani	0.04	0.67	Nil	N.A.
Mr.Raaja Kanwar	0.04	0.67	173880	N.A.
Mr.Robert Steinmetz	0.06	0.67	Nil	N.A.
Mr.Shardul S.Shroff	0.06	0.67	Nil	N.A.
Dr.S.Narayan	0.10	0.67	Nil	N.A.
Mr. T Balakrishnan*	0.06	0.67	Nil	N.A.

* Commission payable to Govt. of Kerala.

5. Shareholders'/Investors' Transfer/Grievance Committee

(a) Constitution and Composition of the Committee

The Company has constituted a Shareholders'/Investors' Transfer/Grievance Committee comprising of the following members: -

Name of Director	Designation	No. of meetings attended
Mr.K.Jacob Thomas	Chairman	2
Mr.Neeraj Kanwar	Member	5
Mr.Shardul S.Shroff	Member	3
Mr.Sunam Sarkar	Member	4
Mr.U.S.Oberoi	Member	5

Mr. P. N. Wahal, Company Secretary, acts as Secretary of the Committee.

(b) Terms of reference

This Committee has been formed with a view to undertake the following: -

- Approval of transfer/transmission of shares/debentures issued by the Company, issue of duplicate certificates and certificates after split/consolidation/ replacement.
- Looking into the redressal of shareholders' and investors' complaints like transfer of shares/debentures, demat of shares, non-receipt of balance sheet, dividend and interest etc.

(c) Meetings

During the year, five meetings of the Shareholders' /Investors' Transfer/ Grievance Committee were held.

(d) Compliance Officer

Mr. P. N.Wahal, Company Secretary, has been designated as the compliance officer.

(e) No. of shareholders' complaints received

During the year 2007-2008, the company received 32 complaints. As on date, no complaints are pending other than those, which are under litigation, disputes or court orders. All other complaints were attended and resolved to the satisfaction of the shareholders.

6. General Body Meetings and Dividend declared

a) The last three AGMs were held as under: -

Year	Venue	Date	Time
2006-2007	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)	26.07.2007	10.00 A.M.
2005-2006	- do -	25.08.2006	10.00 A.M
2004-2005	- do -	22.07.2005	10.00 A.M

b) Special Resolutions passed during the previous three AGMs : -

Year	Special Resolution passed
2006-2007	- Increase the limit of FIIs holding upto 30%
2005-2006	- Commission to Directors other than the Managing/Whole Time Directors
2004-2005	No Special resolution was passed

c) Resolutions passed last year through postal ballot

During the year 2007-2008, no resolutions were passed through postal ballot.

d) Dividend declared in last three annual general meetings.

Financial Year Ended	Dividend
31.03.2007	45 %
31.03.2006	45 %
31.03.2005	45 %

7. Disclosures

a) Related Party Transactions

Related Parties and transactions with them as required under Accounting Standard (AS- 18) are furnished under paragraph number 21 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2008.

No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict with the interests of the Company. The Register of contracts containing transactions, in which directors are interested, is placed before the board regularly.

b) Risk Management Procedure

In terms of sub-clause IV.C of the Clause 49 of the Listing Agreement, the Company has made its Risk Charter and Risk Profile etc. on the basis of comprehensive study undertaken by Deloitte Touche Tohmatsu Private Limited to frame a risk management policy/internal control frame work. The Board/Audit Committee periodically reviews the risks and plans to mitigate the same.

c) Compliance by the Company

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. A Statutory Compliance Dashboard system has been introduced to create a centralized repository for all evidence of compliance.

8. Means of communication

- The quarterly/half yearly and annual financial results of the Company are normally published in "Business Standard/Economic Times/The Times of India" (national dailies) and "Malayalam Manorma"/"Matrubhumi" (Malayalam). In addition to the above, quarterly and annual results are displayed at our website at www.apollotyres.com for the information of all the shareholders.
- All material information about the company is promptly sent to the stock exchanges and the company regularly updates the media and investor community about its financial as well as other organizational developments.
- Also pursuant to Clause 51 of the Listing Agreement, financial information like annual and quarterly financial statements, shareholding pattern, etc. are available on SEBI website www.sebiedifar.nic.in

9. Management Discussion &Analysis

A detailed Management Discussion & Analysis is provided in the annual report .

10. General shareholder information

(a) Registered Office	:	6th Floor, Cherupushpam Building Shanmugham Road, Kochi – 682 031. Kerala
(b) Annual General Meeting		
- Date	:	18th July, 2008
- Day	:	Friday
- Time	:	10.00 A.M.
- Venue	:	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala).
(c) Financial Calendar for Financial Year 2008-2009		
Financial Reporting for the quarter ending June 30, 2008	:	Month of July 2008
Financial Reporting for the quarter ending September 30, 2008	:	Month of October 2008
Financial Reporting for the quarter ending December 31, 2008	:	Month of January 2009
Financial Reporting for the quarter ending March 31, 2009	:	April - June 2009

(d) Date of Book-Closure

The dates of the book closure shall be from 1st July, 2008 to18th July, 2008 (both days inclusive).

(e) Dividend Payment

The dividend of 50% per equity shares for the financial year 2007-08, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or after 18th July, 2008 but within the statutory time limit.

(f) Listing at Stock Exchanges

1. Cochin Stock Exchange Ltd.,
   MES, Dr. P.K. Abdul Gafoor Memorial
   Cultural Complex, 36/1565, 4th Floor,
   Judges Avenue, Kaloor,
   Kochi – 682017.
   Ph.0484-2400044,2401898
   Fax:0484-2400330
   E-mail: cse1@vsnl.com

2. Bombay Stock Exchange Ltd.
   Phiroze Jeejeebhoy Towers,
   1st Floor, Dalal Street,
   Mumbai – 400001.
   Ph.: 022-22721233/34
   Fax: 022-22721919/3027

3. National Stock Exchange of India Ltd
   Exchange Plaza, Bandra Kurla Complex
   Bandra (E), Mumbai – 400 051
   Ph.: 022-26598100-14
   Fax: 022-26598237-38
   E-mail: cmlist@nse.co.in

The annual listing fee for the year 2008-2009 has been paid to all the aforesaid stock exchanges.

(g) Stock Code

Bombay Stock Exchange Ltd.	500877
National Stock Exchange of India Ltd.	APOLLOTYRE

(h) Stock Market Price Data for the year 2007-2008

ATL share price on NSE & Nifty Index

Month	NSE			Nifty Index	
	High (Rs.)	Low (Rs.)	Volume (in million)	High	Low
April, 07	333.00	267.00	0.84	4217.90	3617.00
May, 07	389.70	315.00	1.96	4306.75	3981.15
June, 07	368.50	308.00	1.86	4362.95	4100.80
July, 07	407.80	314.00	1.85	4947.95	4304.00
*August,07	416.85	34.60	9.44	4532.90	4002.20
September,07	42.90	37.55	12.48	5055.80	4445.55
October, 07	41.35	31.10	20.39	5976.00	5001.35
November, 07	47.20	34.40	35.67	6011.95	5394.35
December, 07	54.00	41.20	77.24	6185.40	5710.60
January, 08	62.40	36.00	135.13	6357.10	4448.50
February, 08	51.20	41.10	27.81	5545.20	4803.60
March, 08	45.00	35.10	17.04	5222.80	4468.55

ATL share price on BSE & Sensex

Month	BSE			Sensex	
	High (Rs.)	Low (Rs.)	Volume (in million)	High	Low
April, 07	333.00	260.00	0.49	14,383.72	12,425.52
May, 07	373.00	315.00	1.03	14,576.37	13,554.34
June, 07	369.70	306.30	0.88	14,683.36	13,946.99
July, 07	408.00	317.00	0.96	15,868.85	14,638.88
*August,07	417.00	36.55	4.05	15,542.40	13,779.88
September,07	42.70	37.40	11.55	17,361.47	15,323.05
October, 07	41.50	33.50	10.93	20,238.16	17,144.58
November, 07	47.25	34.35	21.52	20,204.21	18,182.83
December, 07	55.25	40.80	48.58	20,498.11	18,886.40
January, 08	62.90	38.50	73.31	21,206.77	15,332.42
February, 08	51.35	41.50	19.83	18,895.34	16,457.74
March, 08	45.00	35.35	9.91	17,227.56	14,677.24

*Equity shares of Rs.10/- each of the Company were split into 10 equity shares of Re.1/- each on 27th August, 2007.

(i) Shares Traded during 1st April 2007 to 31st March 2008

	BSE	NSE
No. of shares traded (in million)	203.04	341.71
Highest Share Price (in Rs.)	408.00	407.80
Lowest Share Price (in Rs.)	33.50	31.10
Closing Share Price (as on March 31, 2008)	41.20	41.30
Market Capitalization (as on March 31, 2008) (in million)	20123.92	20172.77

(j) Distribution of Shareholding

The following is the distribution of shareholding of equity shares of the Company as on 31st March, 2008: -

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of shareholding
1-250	142265	97.73	50496918	10.34
251-500	1904	1.31	7217356	1.48
501-1000	755	0.52	5696834	1.17
1001-2000	310	0.21	4447415	0.91
2001-3000	103	0.07	2610193	0.53
3001-4000	48	0.03	1680783	0.34
4001-5000	24	0.02	1101787	0.23
5001-10000	39	0.03	2824687	0.58
10001 & above	120	0.08	412368797	84.42
Total	145568	100.00	488444770	100.00

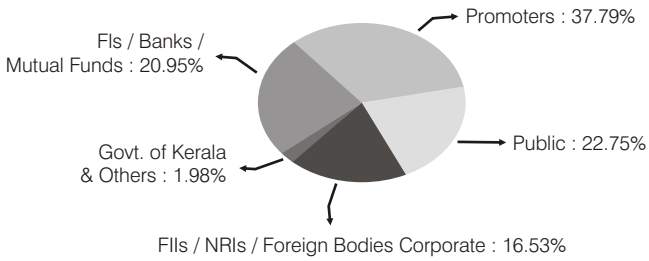
There were 1.558 million warrants due for conversion into 15.58 million equity shares on or before 18th April, 2008 on the option of the Warrant Holders. Warrant Holders have exercised their option and shares have been allotted to them on 18th April, 2008. The share capital of the company stands increased to Rs.504.02 million after the above conversion.

"Group" for inter-se transfer of shares

As required under Clause 3(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the following entities constitute "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of Regulation 10 to 12 of the aforesaid SEBI Regulations: Apollo Finance Ltd., Sunrays Prop. & Inv. Co. Pvt. Ltd., Ganga Kaveri Credit & Holding Co. Pvt. Ltd., Sacred Heart Inv. Co. Pvt. Ltd., Kenstar Investment & Finance Pvt. Ltd., Neeraj Consultants Ltd., Constructive Finance Pvt. Ltd., Motlay Finance Pvt. Ltd., Indus Valley Inv. & Finance Pvt. Ltd., Sargam Consultants Pvt. Ltd., Global Capital Ltd., Apollo International Ltd., PTL Enterprises Ltd. and Mr.Onkar S.Kanwar along with his family members.

The above entities, along with the family members hold 190.48 million shares constituting 37.79% of share capital of the Company as on 18th April, 2008.

SHAREHOLDING PATTERN



(k) Share Transfer System

To expedite the share transfer in physical segment, "Shareholders'/Investors' Transfer/ Grievances Committee" has authorised whole-time director and company secretary to approve transfer of securities up to 10,000 received from individuals and transfers pertaining to shares of notified parties lodged by the Office of Custodian on weekly basis. In case of approval of transfer of securities over 10,000, the "Shareholders'/Investors' Transfer/Grievances Committee" meets at periodical intervals. In any case, all share transfers are completed within the prescribed time limit from the date of receipt, if document meets the stipulated requirement of statutory provisions in all respects. In reference to SEBI directives, the company is providing the facility for transfer and dematerialization of securities simultaneously. The total no. of shares transferred during the year were 6,39,453. All the transfers were completed within stipulated time.

(l) Dematerialisation of Shares and Liquidity

The equity shares of the Company are being traded under compulsorily demat form as per SEBI notification. The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE438A01022. As on 31st March, 2008, 93.51 % of the share capital stands dematerialized.

(m) Share Transfer/Demat Registry work

All share transfers/demat are being processed in house. The Company has established direct connectivity with NSDL/CDSL for carrying out demat completely in house.

(n) Share Transfer Department

All Communications regarding change of address for shares held in physical form, dividend etc. should be sent at the Company's corporate office at:-

Apollo Tyres Ltd.
Apollo House, 7, Institutional Area,
Sector-32, Gurgaon – 122 001 (Haryana)
Tel Nos: (0124) 238 3002-10
Fax : (0124) 238 3351
E-Mail : pn.wahal@apollotyres.com

(o) Outstanding GDRs/ADRs/Warrants

1.558 million warrants were outstanding as on 31st March, 2008, which were subsequently converted into equity shares on 18th April, 2008. After the said conversion, no GDR/ADR/ Warrants are outstanding.

(p) ECS Mandate

All shareholders are requested to update their bank account details with their respective depositories urgently. This would enable the Company to service its investors better.

(q) Plant Location

1. Perambra, P.O.Chalakudy,
   Trichur – 680 689 (Kerala)
2. Limda, Taluka Waghodia,
   Dist. Vadodara – 391 760 (Gujarat)

(r) Address for correspondence for share transfer/demat of shares, payment of dividend and any other query relating to shares : Secretarial Department
Apollo Tyres Ltd.
Apollo House,
7, Institutional Area,
Sector-32, Gurgaon.
Tel Nos. 0124-238 3002-10

(s) The non-mandatory requirements of Clause 49 of the listing agreement, wherever necessary have been complied with.

11. ADDITIONAL INFORMATION

(a) Investor Relations Section

The Investors Relations Section is located at the Corporate Office of the Company.

Contact person	:	Mr. P.N. Wahal, Compliance Officer
Time	:	10.00 A.M. to 6.00 P.M. on all working days of the Company. (Saturdays & Sundays closed)
Phone No.	:	(0124) 2383002 – 10 (Extn. 602)
Fax No.	:	(0124) 2383351
E-mail	:	pn.wahal@apollotyres.com

(b) Bankers :-

Bank of India	State Bank of India
Canara Bank	State Bank of Mysore
Citi Bank	State Bank of Patiala
ICICI Bank Ltd.	The Federal Bank Ltd.
IDBI Bank Ltd.	Union Bank of India
Standard Chartered Bank	BNP Paribas

(c) Auditors

Deloitte Haskins & Sells, Chartered Accountants

(d) Cost Auditors

N.P. Gopalakrishnan & Co., Cost Accountants

(e) Secretarial Audit

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Secretarial Audit of the Company for the purpose of reconciliation of total admitted capital with the Depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The Company Secretary in practice conducts such Secretarial Audit in every quarter and issues a Secretarial Audit Certificate to this effect to the Company.

(f) Code of Conduct of Insider Trading

Apollo Tyres Ltd. has a Code of Conduct for 'Prevention of Insider Trading' in the securities of the Company. The Code of Conduct prohibits the purchase/ sale of shares of the Company by employees in possession of unpublished price sensitive information pertaining to the Company. Mr. P.N. Wahal, Company Secretary, has been appointed as Compliance Officer.

This Code of Conduct is applicable to all the Directors, Departmental Chiefs and Heads and such other employees of the Company who are expected to have access to unpublished price sensitive information.

(g) Code of Conduct for Directors and Senior Management

Apollo Tyres has a code of business conduct called "The Code of Conduct for Directors and Senior Management". The Code envisages that Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is applicable to all the Directors and Senior Management of the Company. The Company Secretary is the compliance officer.

Declaration Affirming Compliance of provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended March 31, 2008.

For Apollo Tyres Ltd.

(Onkar S. Kanwar)
Chairman & Managing Director

Date : Gurgaon.
Place: 9th May, 2008.

COMPLIANCE:

The certificate dated 9th May, 2008 obtained from statutory auditors, M/s. Deloitte Haskins & Sells, forms part of this annual report and the same is given herein:

AUDITORS' CERTIFICATE

AS PER CLAUSE 49 OF THE LISTING AGREEMENT

CERTIFICATE

To the Members of Apollo Tyres Ltd.

We have examined the compliance of conditions of corporate governance by Apollo Tyres Ltd. for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For DELOITTE HASKINS & SELLS

CHARTERED ACCOUNTANTS

-sd-

Geetha Suryanarayanan

Partner

Membership No.29519

Place : Gurgaon

Date: 9th May, 2008

AUDITORS' REPORT

TO THE MEMBERS OF APOLLO TYRES LTD.

1. We have audited the attached Balance Sheet of Apollo Tyres Ltd. as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 as on the said date.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

   (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells

Chartered Accountants

Geetha Suryanarayanan

Partner

Membership No : 29519

Place : Gurgaon

Date : 9th May, 2008

Annexure referred to in paragraph 3 of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Physical verification of fixed assets is carried out in a phased manner as determined by the management, whereby assets held at the Company's factories have been verified during the year. The program of verification is considered reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section; and

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public during the year.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of tyres and tubes, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts in respect of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2008, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute, except the following:

Name of the statute	Nature of dues	Amount (Rs. in Million)	Period to which the amount relates	Forum where dispute is pending
Custom Act, 1982	Custom Duty	23.50	Assessment Years 1989-90 & 1994-95	Assistant/Deputy commissioner of Customs/Supreme Court
Sales Tax Act applicable to various States	Sales Tax	51.16**	Assessment Years 1990-91 to 2003-04	Various Appellate Authorities/Revenue Board/High Court
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	830.61	1995-96	Various Appellate Authorities/High Court

** Net of deposits Rs.17.43 Million

(x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, Company has not defaulted in repayment of dues to banks and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied for the purpose for which these loans were raised.

(xvii) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, no funds raised on short-term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which such shares have been issued is not prejudicial to the interest of the Company.

(xix) The Company had created security in respect of debentures issued in earlier years and has not issued any debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells

Chartered Accountants

Geetha Suryanarayanan

Partner

Membership No : 29519

Place : Gurgaon

Date : 9th May, 2008

BALANCE SHEET

AS AT 31st MARCH 2008

	Schedule	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	488.51	464.09
Equity Share Warrants (Note - B 4(b))		45.65	117.20
Reserves and Surplus	2	11,799.99	9,207.13
		12,334.15	9,788.42
Loan Funds :	3		
Secured		2,231.45	4,737.63
Unsecured		2,375.06	1,449.40
		4,606.51	6,187.03
Deferred Tax Liability (Net) (Note - B 17)		1,412.00	1,290.57
T O T A L		18,352.66	17,266.02
APPLICATION OF FUNDS :			
Fixed Assets	4		
Gross Block		15,696.59	14,925.12
Less : Depreciation		5,986.63	5,416.57
Net Block		9,709.96	9,508.55
Capital Work in Progress		944.08	804.55
		10,654.04	10,313.10
Investments	5	3,027.13	2,581.14
Current Assets, Loans and Advances :	6		
Inventories		5,132.91	4,519.49
Sundry Debtors		1,551.33	2,030.55
Cash and Bank Balances		2,658.53	1,720.02
Other Current Assets		128.39	139.14
Loans and Advances		1,786.84	1,937.10
		11,258.00	10,346.30
Less: Current Liabilities and Provisions:	7		
Current Liabilities		5,658.25	5,422.01
Provisions		930.85	553.75
		6,589.10	5,975.76
Net Current Assets		4,668.90	4,370.54
Deferred Revenue Expenditure (Note - B 10)		2.59	1.24
T O T A L		18,352.66	17,266.02
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12		

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
9th May, 2008

MR. ONKAR S.KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

MR. NEERAJ KANWAR
Vice Chairman &
Joint Managing Director

P. N. WAHAL
Head-Secretarial &
Company Secretary

MR. M.R.B.PUNJA
MR. SUNAM SARKAR
MR.U.S.OBEROI
DR. S. NARAYAN
MR. A.K.PURWAR
MR. ROBERT STEINMETZ
MR. T. BALAKRISHNAN

Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 2008

	Schedule		Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March,2007 Rs./Millions
INCOME					
Gross Sales		42,469.83		37,743.43	
Less : Excise Duty		5,530.56	36,939.27	4,820.15	32,923.28
Other Income	8		92.23		29.71
			37,031.50		32,952.99
EXPENDITURE					
Manufacturing and Other Expenses	9		32,851.26		30,143.67
(Increase) / Decrease in Work in Process and Finished Goods	10		(552.74)		(313.61)
Interest	11		520.41		526.48
			32,818.93		30,356.54
Profit Before Depreciation & Tax			4,212.57		2,596.45
Depreciation		878.10		743.78	
Transfer from Revaluation Reserve		-	878.10	(1.52)	742.26
Profit Before Tax			3,334.47		1,854.19
Provision for Tax - Current		975.01		445.65	
- Deferred		121.43		238.32	
- Fringe Benefit Tax		45.00	1,141.44	36.00	719.97
Net Profit			2,193.03		1,134.22
Add:Profit brought forward from previous year			1,672.12		1,259.30
Transfer from Debenture Redemption Reserve			21.70		16.70
			3,886.85		2,410.22
Deduct - Appropriations:					
General Reserve			600.00		500.00
Proposed Dividend / (Interim Dividend)			252.01		208.81
Dividend Tax			42.83		29.29
			894.84		738.10
Surplus Carried to Schedule 2			2,992.01		1,672.12
Basic Earnings Per Share (Face Value of Re. 1/- each) (Rs.)			4.66		2.71
Diluted Earnings Per Share (Face Value of Re. 1/- each) (Rs.)			4.64		2.71
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12				

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
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9th May, 2008

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MR. T. BALAKRISHNAN

Directors

CASH - FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH 2008

			Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March,2007 Rs./Millions
A	CASH FLOW FROM OPERATING ACTIVITIES				
(i)	PROFIT AFTER TAX		2,193.03		1,134.22
	ADD: - PROVISION FOR TAX		1,141.44		719.97
	NET PROFIT BEFORE TAX		3,334.47		1,854.19
	ADD:-DEPRECIATION	878.10		742.26	
	-LEASE RENT ON LEASEHOLD LAND	0.78		0.21	
	- (PROFIT) / LOSS ON SALE OF ASSETS (NET)	4.00		8.42	
	- INCOME FROM INVESTMENTS	(0.45)		-	
	- PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	-		2.40	
	- (REVERSAL) / PROVISION FOR DOUBTFUL DEBTS/ADVANCES	(3.43)		16.35	
	- DEFERRED REVENUE EXPENDITURE AMORTISED NET OF PAYMENT	(1.35)		1.32	
	- INTEREST	520.41		526.48	
	- UNREALISED FOREX FLUCTUATION LOSS / (GAIN)	20.29		(5.48)	
	- BAD DEBTS WRITTEN OFF	6.12	1,424.47	-	1,291.96
(ii)	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4,758.94		3,146.15
	ADJUSTMENT FOR				
	- TRADE & OTHER RECEIVABLES	585.72		(510.88)	
	- INVENTORIES	(613.42)		(325.31)	
	- TRADE PAYABLES	468.70	441.00	1,654.81	818.62
(iii)	CASH GENERATED FROM OPERATIONS		5,199.94		3,964.77
	- DIRECT TAXES PAID		(922.26)		(390.09)
(iv)	NET CASH FLOW FROM OPERATING ACTIVITIES		4,277.68		3,574.68
B	CASH FLOW FROM INVESTING ACTIVITIES				
	- PURCHASE OF FIXED ASSETS	(1,565.76)		(1,487.16)	
	- SALE OF FIXED ASSETS	341.94		7.69	
	- PURCHASE OF INVESTMENTS	(491.19)		(2,546.47)	
	- SALE OF INVESTMENTS	0.50		-	
	- INTEREST RECEIVED	27.52		27.26	
	NET CASH USED IN INVESTING ACTIVITIES		(1,686.99)		(3,998.68)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	-PROCEEDS FROM ISSUE OF SHARE WARRANTS	-		117.20	
	-PROCEEDS FROM ISSUE OF SHARE CAPITAL INCLUDING SHARE PREMIUM	643.96		2,436.43	
	- REPAYMENTS OF LONG TERM BORROWING	(895.14)		(866.67)	
	- PAYMENTS OF UNPAID DEBENTURES REDEMPTION	(1.44)		-	
	- BANK OVERDRAFT/SHORT TERM FUNDS	(685.38)		(846.52)	
	- DIVIDENDS PAID	(142.17)		(291.53)	
	- INTEREST PAID	(572.01)		(718.49)	
	NET CASH FLOW USED IN FINANCING ACTIVITIES		(1,652.18)		(169.58)
	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		938.51		(593.58)
	CASH & CASH EQUIVALENT AS ON 01.04.2007 (01.04.2006)		1,720.02		2,313.60
	CASH & CASH EQUIVALENT AS ON 31.03.2008 (31.03.2007)		2,658.53		1,720.02

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
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9th May, 2008

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MR. T. BALAKRISHNAN

Directors

SCHEDULES

ANNEXED TO THE ACCOUNTS

SCHEDULE 1 - SHARE CAPITAL

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
AUTHORISED		
730,000,000 (730,000,000*) Equity Shares of Re.1/- each	730.00	730.00
200,000 (200,000) Cumulative Redeemable Preference Shares of Rs.100/- each	20.00	20.00
	750.00	750.00
ISSUED, SUBSCRIBED, CALLED AND PAID UP		
488,444,770 (464,024,770*) Equity Shares of Re. 1/- each (Note B - 4)	488.44	464.02
Add: Forfeited Shares	0.07	0.07
	488.51	464.09

* Number of Shares - Post split

SCHEDULE 2 - RESERVES & SURPLUS

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
CAPITAL RESERVES		
Fixed Assets Revaluation		
As per last Balance Sheet	31.57	33.09
Less: Transfer to Profit & Loss Account	-	1.52
	31.57	31.57
Share Forfeiture Rs. 1,375/- (Rs. 1375/-)	-	-
Capital Redemption	44.40	44.40
Debenture Redemption		
As per last Balance Sheet	21.70	38.40
Less: Transfer to Profit & Loss Account	21.70	16.70
	-	21.70
Securities Premium		
As per last Balance Sheet	4,527.71	2,171.97
Add: Received during the year	691.09	2,419.35
Less: Issue expenses written off	-	63.61
	5,218.80	4,527.71
OTHER RESERVES		
Foreign Currency Translation Reserve		
Created during the year	3.58	-
Capital Subsidy	3.00	3.00
General		
As per last Balance Sheet	2,906.63	2,406.63
Add: Transfer from Profit & Loss Account	600.00	500.00
	3,506.63	2,906.63
Surplus as shown in the Profit & Loss Account	2,992.01	1,672.12
	11,799.99	9,207.13

SCHEDULE 3 - LOANS

		As at 31st March, 2008 Rs./Millions		As at 31st March,2007 Rs./Millions
SECURED				
Debentures				
1,000,000 - 11.25% Non Convertible Debentures of Rs.100/- each		100.00		100.00
Less : Redeemed to date		100.00		66.67
		-		33.33
Term Loans				
From International Finance Corporation :				
- Foreign Currency	345.33		516.13	
- Rupee Loan	321.52	666.85	428.69	944.82
From Banks:				
ICICI - Foreign Currency		-		235.71
State Bank of India		500.00		752.93
From Institutions:				
G E Capital Services India		105.00		165.00
		1,271.85		2,098.46
Other Loans:				
Banks - Cash Credit		500.72		2,111.76
Deferred Payment Credit		383.33		400.00
Sales Tax Loan		75.55		94.08
		959.60		2,605.84
		2,231.45		4,737.63
UNSECURED				
Commercial Paper		-		-
Short term Loans from banks		2,375.06		1,449.40
		2,375.06		1,449.40

NOTES: SECURED LOANS

1. Loan from International Finance Corporation is secured by :
   - A pari passu first charge along with other lenders on the company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A first and fixed charge on the Company's Land and premises situated at Gurgaon, Haryana State together with all existing and future buildings, erections and structures.
   - A pari passu first charge on all the movable assets except current assets of the company.
   - A second charge on all the current assets of the company.
2. Loan from State Bank of India is secured by :
   - A pari passu first charge along with other lenders on the company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A second charge on all the current assets of the company.
3. Loan from GE Capital Services India is secured by :
   - A pari passu first charge along with other lenders on the company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A pari passu first charge on all the moveable assets except current assets at Chalakudy, Kerala State and at village Limda, Gujarat State.
4. Cash Credits and Guarantees from Banks are secured by Hypothecation of Raw materials, Work-in-Process, Stocks, Stores and Book Debts ranking in priority to the charge created in respect of the IFC Loan and also by second charge on the Company's land at Chalakudy, Kerala State and at Village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
5. Deferred payment credit is secured by specific assets purchased under the scheme and include Rs. 20.94 Million (Rs.16.67 Millions) repayable within one year.
6. The company had availed interest free Sales Tax Loan from Gujarat State Government amounting to Rs. 112.61 Millions. These loans are secured by a pari-passu charge on the entire fixed assets of the company, both present and future situated at Village Limda in Gujarat State. The said loan is repayable in six equal annual installments on the expiry of 14 years from the commencement of commercial production i.e. 31st May, 2006. Accordingly, a sum of Rs 18.53 Millions (Rs. 18.53 Millions) was paid during the year and a similar amount is repayable within one year.
7. Loans include Rs. 602.65 Millions (Rs. 839.60 Millions) repayable within one year.
8. Maximum amount outstanding on Commercial papers at any time during the year was Rs. 24.50 Millions (Rs. 30.50 Millions).

SCHEDULE 4 - FIXED ASSETS

Rs./Millions

Description of Assets	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 31st March, 2007	Additions	Deductions	As at 31st March, 2008	For the Year	To date	As at 31st March, 2008	As at 31st March, 2007
Land	74.27 (b)	-	-	74.27 (b)	-	-	74.27	74.27
Leasehold Land	20.03	142.68	10.26 (a)	152.45	-	-	152.45	20.03
Buildings	1,714.57 (b)	154.22	137.66	1,731.13 (b)	44.53	388.10	1,343.03	1,320.00
Plant & Machinery	11,558.52 (b)	964.42	380.31	12,142.63 (b)	706.64	4,729.64	7,412.99	7,351.11
Electrical Installation	357.39	20.60	33.96	344.03	16.51	176.21	167.82	177.83
Furniture, Fixtures & Office Equipments	574.62	47.06	11.86	609.82	39.73	306.64	303.18	299.87
Vehicles	376.77	89.25	80.71	385.31	42.65	176.18	209.13	198.30
Intangible Assets	134.25	8.00	-	142.25	28.04	95.16	47.09	67.14
Assets under Hire Purchase acquired after 01.04.2001 : -Vehicles	114.70	-	-	114.70	-	114.70	-	-
	14,925.12	1,426.23	654.76 (c)	15,696.59	878.10	5,986.63 (c)	9,709.96	9,508.55
Previous Year	13,106.06	1,861.95	42.89	14,925.12	743.78	5,416.57	9,508.55	8,406.70

(a) Represents proportionate lease premium Rs. 0.78 Millions (Rs.0.21 Millions) written off.

(b) Includes amount added on revaluation in 1985-86 and 1986-87 - Rs.227.76 Millions.

(c) Includes Rs. 550.84 Millions Original cost & Rs. 248.03 Millions accumulated depreciation, respectively corresponding to the sale of tube plant at Pune (Refer Note B(5)).

SCHEDULE 5 - INVESTMENTS

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
LONG TERM :		
TRADE (FULLY PAID)		
QUOTED		
Equity Shares of Rs.10/- each in Companies:		
999,515 (999,515) Shares in Raunaq Finance Ltd.	10.00	10.00
167,150 (167,150) Shares in Apollo Tubes Ltd.	0.17	0.17
16,394 (16,394) Shares in Bharat Gears Ltd.	0.36	0.36
	10.53	10.53
UNQUOTED		
24,500 (50,000) Equity Shares of Rs. 10/- each in Apollo Radial Tyres Ltd. (25,500 Shares sold during the year - Cost Rs. 0.25 Millions)	0.25	0.50
24,500 (50,000) Equity Shares of Rs. 10/- each in Apollo Automotive Tyres Ltd. (25,500 Shares sold during the year - Cost Rs. 0.25 Millions)	0.25	0.50
5,568,188 (5,568,188) Equity shares of US$ 1 each in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary	249.01	249.01
51,941,679 (43,451,679) 9% Non-cumulative redeemable preference shares of US$ 1 each in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary (8,490,000 Shares acquired during the year - Cost Rs. 442.69 Millions)	2,771.92	2,329.23
1 (Nil) Share of CHF 100,000 each in Apollo Tyres A.G., Switzerland	3.34	-
5,000 (5,000) Shares of Rs. 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50
	3,025.27	2,579.74
NON TRADE (FULLY PAID)		
QUOTED		
CURRENT:		
132,191 (118,671) Units of "UTI Balanced Fund - Dividend Plan - Reinvestment" of Unit Trust of India # (13,520 units acquired during the year - Cost Rs. 0.46 Millions)	1.50	1.04
	3,037.30	2,591.31
Less : Provision for diminution / reduction in the value of Investments	10.17	10.17
	3,027.13	2,581.14
Cost / Book value of quoted Investments (Net of provision for diminution / reduction in the value of Investments)	0.36	0.36
Market price of quoted Investments	0.72	1.06
# Repurchase price of units	2.61	3.20

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
CURRENT ASSETS		
Inventories : @		
Raw Materials	1,973.56	1,863.31
Stores and Spares	251.29	261.36
Work-in-Process	240.91	270.46
Finished Goods	2,667.15	2,124.36
	5,132.91	4,519.49
Sundry Debtors - Unsecured		
Over Six Months		
Considered Good	11.29	13.41
Considered Doubtful	46.78	52.46
Others - Considered Good*	1,540.04	2,017.14
	1,598.11	2,083.01
Less: Provision for Doubtful Debts	46.78	52.46
	1,551.33	2,030.55
Cash and Bank Balances		
Cash and Cheques on hand	423.59	454.54
Remittances in Transit	326.99	272.87
With Scheduled Banks :		
Current Accounts	792.93	429.66
Dividend Accounts	17.75	159.92
Deposit Accounts**	1,097.27	403.03
	2,658.53	1,720.02
Other Current Assets		
Interest Accrued on Loans/ Deposits***	128.39	139.14
	128.39	139.14
* Includes due from Subsidiary Company	1.57	20.39
** Includes Rs. 156.75 Millions (Rs.146.38 Millions) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd.		
*** Includes due from Subsidiary Company	128.00	137.75
@ Includes stock in transit		

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES (Continued)

		As at 31st March, 2008 Rs./Millions		As at 31st March,2007 Rs./Millions
LOANS AND ADVANCES - UNSECURED				
(Considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Considered Good*		1,642.53		1,698.42
Considered Doubtful		2.25		-
		1,644.78		1,698.42
Less: Provision for Doubtful Advances		2.25		-
		1,642.53		1,698.42
Advance Tax	3,501.60		2,574.96	
Less: Provision for Taxation	(3,357.46)	144.14	(2,337.45)	237.51
Balance with Customs, Port Trust etc.		0.17		1.17
		1,786.84		1,937.10
		11,258.00		10,346.30
* Includes dues from Subsidiary Companies		48.73		8.42

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
CURRENT LIABILITIES		
Acceptances	749.16	1,178.43
Sundry Creditors:		
Dues to micro & small enterprises	109.46	-
Others*	4,753.34	4,032.93
**Investor Education and Protection Fund shall be credited by the following amounts namely:-		
Unpaid Debenture Redemption Amount	1.74	3.18
Unpaid Interest on Debentures	0.47	0.96
Unpaid Matured Deposits	1.21	1.26
Interest on Unpaid Matured Deposits	0.10	0.10
Unpaid Dividend	17.75	159.92
Interest accrued but not due on Loans	25.02	45.23
	5,658.25	5,422.01
PROVISIONS		
Dividend Tax	42.83	-
Proposed Dividend on Equity Shares	252.01	-
Provision for Sales related obligations	431.10	410.69
Gratuity, Leave Encashment & Superannuation	204.91	143.06
	930.85	553.75
	6,589.10	5,975.76
* Includes due to Subsidiary Company	-	2.62

**1. There are no amounts due and outstanding as at Balance Sheet Date to be credited to the Investor Education & Protection Fund.

2. Other unpaid amounts represent warrants / cheques issued to the Debentureholders / Depositors / Shareholders, as the case may be, which remain unpresented to the Bankers as on 31st March, 2008

SCHEDULE 8 - OTHER INCOME

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March,2007 Rs./Millions
Income from Non-trade Investments		
From Mutual Funds	0.45	-
	0.45	-
Miscellaneous Receipts *	91.78	29.71
	92.23	29.71
*Tax Deducted at Source	0.41	0.20

SCHEDULE 9 - MANUFACTURING & OTHER EXPENSES

		Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March,2007 Rs./Millions
MATERIALS				
Raw Materials Consumed*		23,930.19		22,647.02
Less: Scrap Recoveries		80.59		66.71
		23,849.60		22,580.31
EMPLOYEES				
Salaries, Wages and Bonus**		1,855.75		1,639.42
Contribution to Provident and Other Funds		115.38		106.23
Workmen and staff welfare expenses		299.42		248.44
MANUFACTURING, ADMINISTRATIVE AND SELLING				
Purchase of Finished Goods		1,035.08		851.70
Consumption of stores and spare parts		270.81		259.43
Power and Fuel		1,348.15		1,326.76
Conversion Charges		448.91		64.74
Repairs and Maintenance				
- Machinery		66.26		62.95
- Buildings		21.03		17.13
- Others		122.56		108.85
Rent***		93.80		92.39
Insurance		65.58		86.91
Rates and Taxes		74.88		93.14
Directors' Sitting Fees		0.92		1.28
Loss on Sale of Assets (Net)		4.00		8.42
Travelling, Conveyance and Vehicle Expenses		394.04		349.07
Postage, Telex, Telephone and Stationery		63.86		62.05
Freight & Forwarding		851.15		749.92
Commission to Selling Agents		43.57		32.67
Sales Promotion Expenses		714.30		517.64
Advertisement & Publicity		245.18		205.96
Research and Development		107.42		82.48
Bank Charges		48.61		53.63
Provision for Doubtful Debts / Advances		2.25		16.35
Investments Written off	-		5.18	
Less: Transferred from Provision	-	-	5.18	-
Bad Debts/Advances Written off	6.12		-	
Less: Transferred from Provision	5.68	0.44	-	-
Lease Rent to PTL Enterprises Ltd.		200.00		150.00
Provision for Diminution in the Value of Investments		-		2.40
Legal & Professional Expenses		101.15		68.62
Miscellaneous Expenses****		407.16		304.78
		32,851.26		30,143.67

* Net of Foreign Exchange Fluctuation Gain of Rs. 60.28 Millions (Rs. 50.01 Millions)

** Includes VRS payments amortised during the year of Rs. 2.24 Millions (Rs. 1.92 Millions)

*** Net of Rent Receipts of Rs. 13.73 Millions (TDS Rs. 3.15 Millions) (Rs.11.70 Millions, TDS - Rs. 2.60 Millions)

**** Includes Foreign Exchange Fluctuation Loss of Rs. 20.39 Millions (Rs.16.51 Millions)

SCHEDULE 10 - (INCREASE) / DECREASE IN WORK IN PROCESS AND FINISHED GOODS

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March,2007 Rs./Millions
OPENING STOCK		
Work in Process	270.46	294.06
Finished Goods	2,124.36	1,706.64
	2,394.82	2,000.70
Less:		
CLOSING STOCK		
Work in Process	240.91	270.46
Finished Goods	2,667.15	2,124.36
	2,908.06	2,394.82
	(513.24)	(394.12)
Excise Duty on Increase of Finished Goods (Note B - 7)	(39.50)	80.51
	(552.74)	(313.61)

SCHEDULE 11 - INTEREST

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March,2007 Rs./Millions
Fixed Loans*	122.28	192.20
Debentures	0.88	4.64
Others # *	397.25	329.64
	520.41	526.48

Net of Interest Earned Rs. 30.90 Millions (Rs. 167.72 Millions)

Tax Deducted at source Rs. 4.38 Millions (Rs.3.46 Millions)

* Net of Foreign Exchange Fluctuation gain of Rs. 2.64 Millions (Including Loss of Rs. 5.53 Millions)

SCHEDULE 12 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. A. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention with the exception of certain fixed assets (which were revalued) based on accrual method of accounting and in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

B. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognised in the period in which the results are known/materialized.

2. FIXED ASSETS

(a) Fixed assets are stated at cost as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987 less depreciation.

(b) All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalised and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date of commencement of production, and adjustments arising from exchange differences on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.(Also refer accounting policy No. 4 on Borrowing Costs.)

(c) Fixed assets taken on hire purchase are capitalised and depreciation has been provided on such assets, while the hire charges have been charged to the profit and loss account.

(d) Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the profit and loss account. Income attributable to the project is deducted from the total of the indirect expenditure.

3. DEPRECIATION

Depreciation on fixed assets is provided using straight line method at the rates specified in Schedule XIV of the Companies Act 1956, except for certain vehicles on which the depreciation is provided at 30%. Certain plant and machinery are classified as continuous process plant based on technical evaluation.

Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account.

Leasehold land/improvements thereon is amortised over the period of lease.

In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

4. BORROWING COSTS

Borrowing costs are capitalised as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

5. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

6. INTANGIBLE ASSETS

The expenditure incurred by the company on acquisition and implementation of software system / development cost up to the stage when the new product reaches technical feasibility has been recognised as an Intangible asset and is amortized over a period of five years based on their estimated useful life.

7. INVESTMENTS

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

8. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location.

In case of raw materials and stores & spares, cost (net of Cenvat/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of finished goods, cost is determined on first in first out basis.

9. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit & loss account.

The premium or discount arising at the inception of the foreign exchange contract are amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the profit and loss account in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the company's financial statement until the disposal of net investment, at which time they would be recognised as income or as expense.

10. REVENUE RECOGNITION

Revenue is recognised when the significant risks and rewards of ownership of goods have been passed to the buyer. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT.

11. EXPORT INCENTIVE

Export Incentive in the form of advance licences / credit earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realisable value / actual credit earned on exports made during the year and are credited to the raw material consumption account.

12. EMPLOYEE BENEFITS

- Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognised as an expense in the year incurred.
- Liability for short term compensated absences is recognised as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.
- Contributions to defined contribution schemes such as provident fund, employees' pension fund, superannuation fund and cost of other benefits are recognised as an expense in the year incurred.
- Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the profit & loss account as income or expense.

13. DEFERRED REVENUE EXPENDITURE

Payments under voluntary retirement scheme are being charged to profit and loss account over a period of three years.

14. TAXES ON INCOME

Current year's tax is determined on the income for the year chargeable to tax in accordance with the Income Tax Act, 1961. Deferred tax is recognised for all timing differences, subject to the consideration of prudence in respect of deferred tax assets.

15. PROVISIONS

A provision is recognised when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

B NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Sales Tax	68.59	59.13
Income Tax-Disputed Demands under Appeal	145.60	167.20
Claims not acknowledged as debts – Employee Related	17.81	17.40
- Property Disputes	13.19	2.10
- Others	0.70	1.40
Provision of Security	156.75	146.38
Guarantees given by bankers on behalf of the Company	370.88	649.60
Custom Duty	23.50	102.54
Excise Duty*	297.30	7.02

* Excludes demands of Rs. 533.31 Millions (Rs. 533.31 Millions) raised on one of the company's units relating to the issues which have been decided by the Appellate Authority in company's favour in appeals pertaining to another unit of the company.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2008 is Rs. 3,882.86 Millions (Rs. 938.64 Millions).

3. During the year, the company paid the balance deferred consideration of Rand 60 Millions which became due on April 21, 2007, the first anniversary of acquiring 100% shareholding control of Dunlop Tyres International (Pty) Ltd., South Africa along with some of its subsidiary/ associate companies in Zimbabwe and United Kingdom.

4. a) Split of equity shares

Pursuant to the resolution passed by the shareholders at the annual general meeting held on July 26, 2007, the equity shares of Rs.10 each of the company were sub divided into 10 equity shares of Re.1 per share with effect from record date i.e., August 27, 2007.

b) Preferential allotment of equity share to the promoter group through conversion of Equity share warrants

During 2006-07, the company had received Rs. 117.20 Millions towards 10% security deposit against preferential allotment of 4 Million equity share warrants to the promoter group (in accordance with SEBI (DIP) guidelines, 2000) at Rs.293.00 each to be converted into 40 Million equity shares of Re.1.00 each at a premium of Rs.28.30 per equity share (4 Million equity shares of Rs. 10.00 each at a premium of Rs. 283.00 each prior to share split) on exercise of option by warrant holders before the expiry of 18 months from October 19, 2006.

During the year, the company has issued 24,420,000 equity shares consequent upon conversion of 2,442,000 warrants into equity shares on exercise of option by promoter group. Balance amount of Rs. 643.96 Millions equivalent to 90% portion in respect of 24,420,000 equity shares has been received during the year. Subsequent to the year-end, the promoter group exercised the conversion option in respect of balance 1,558,000 warrants and the warrants have since been converted.

5. During the year, the company concluded the sale of its tube plant at Ranjangaon, Pune for a total consideration of Rs. 300 Millions with effect from May 1, 2007. The company also finalised an arrangement with the buyers for outsourcing its tube requirement on Job work basis.

The details of carrying amount of the assets and liabilities of the Pune factory as on April 30, 2007 are given below:

		Rs./Millions
a.	Gross Block of Fixed assets	550.84
	Less: Accumulated Depreciation	(248.03)
	Net Block of Fixed Assets	302.81
b.	Capital Work in Progress	1.18
c.	Other Current Assets	16.06
d.	Loans and Advances	8.59
e.	Current Liabilities	(15.56)
f.	Loss on Sale of Plant	13.08

Out of the above mentioned loss on sale of tube plant, Rs.10.24 Millions was already recognised in the year 2006-07.

6. Based on information available with the company and relied upon by the auditors, principal amount unpaid as on March 31, 2008 is Rs. 104.79 Millions (Rs. Nil) and interest unpaid is Rs. 4.67 Millions (Rs. Nil) to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006" (MSMDA) as on March 31, 2008.
7. Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Schedule 10 "(Increase)/Decrease in Work in Process and Finished Goods".
8. Borrowing costs capitalised during the year is Rs. 0.31 Millions (Rs. 3.52 Millions).
9. Research and development expenses comprise of the following:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Salary, Wages & Other Benefits	30.90	26.40
Travelling & Conveyance	4.89	6.40
Others	71.63	49.68
TOTAL	107.42	82.48

10. Deferred revenue expenditure:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Payment Under Voluntary Retirement Scheme:		
Opening Balance	1.24	2.56
Add : Payment during the year	3.59	0.60
Less : Amortised during the year	2.24	1.92
Closing Balance	2.59	1.24

11. (A) Computation of profit for managerial remuneration:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Net Profit as per Profit & Loss Account	2,193.03	1,134.22
Add: Provision for Tax	1,141.44	719.97
Remuneration to Managing / Wholetime Directors	186.81	126.34
Commission to Non-Whole Time Directors	7.00	4.00
Sitting Fees to Directors	0.92	1.28
Provision for Doubtful debts/advances	2.25	16.35
Provision for diminution in value of investment	-	2.40
Loss on sale of Assets at Pune Plant as per books	2.84	10.24
Loss on sale of assets as per books	4.00	8.42
Net Profit	3,538.29	2,023.22
1% Commission to Non-Wholetime Directors restricted to (Included under Miscellaneous Expenses)	7.00	4.00

(B) Remuneration to Managing / Whole-time Directors included under Employees Expenses:-

i) Remuneration to Managing Director & Joint Managing Director * :

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Salary	22.80	21.90
Commission	110.80	63.90
Contribution to Provident / Superannuation Funds	6.15	5.91
Money Value of Perquisites	31.18	20.58
TOTAL	170.93	112.29

ii) Remuneration to Whole-time Directors *:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Salary	4.18	3.42
Commission/Performance Bonus	5.59	4.04
Contribution to Provident / Superannuation Funds	1.13	0.93
Money Value of Perquisites	4.98	5.66
TOTAL	15.88	14.05
TOTAL (i + ii)	186.81	126.34

*The above figures do not include provisions for compensated absences and gratuity as separate actuarial valuations are not available.

12. Statutory Auditors' Remuneration included under Miscellaneous Expenses/Share issue expenses:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
For Audit	2.00	1.50
For Certification & Other Service	2.13	3.33
Reimbursement of expenses	0.59	0.90
TOTAL	4.72	5.73

13. (A) Capacities and Production:

PARTICULARS	UNIT	INSTALLED CAPACITY* PER ANNUM		PRODUCTION @	
		2007-08	2006-07	2007-08	2006-07
Automobile Tyres	No.	9,659,232	8,822,612	8,867,443	7,841,008
Automobile Tubes	No.		6,741,000	7,677,965	6,953,226
Automobile Flaps	No.			3,867,532	3,419,983
Alloy Wheels	No.			15	7,088
Camel Back/Pre-cured Tread Rubber	No.	248,040	220,000	149,176	66,246

*As certified by Management (Includes capacity under Lease agreement).

@ Includes Production under Lease Arrangement and purchases/conversion of Finished Goods by Conversion Agents: -

Tyres	975,357	Nos. (952,401)
Tubes	7,677,965	Nos. (453,759)
Flaps	3,867,532	Nos. (3,419,983)
PCTR	149,176	Nos. (66,246)
Alloy Wheels	15	Nos. (7,088)

(B) Turnover and stock

PARTICULARS	Unit	Opening Stock		Turnover*		Closing Stock	
		2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Automobile Tyres	No.	568,968	464,812	8,696,026	7,736,852	740,385	568,968
	Rs./Millions	1,839.78	1,460.04	37,911.94	34,130.01	2,203.63	1,839.78
Automobile Tubes	No.	652,423	702,761	7,549,427	7,003,564	780,961	652,423
	Rs./Millions	220.95	205.90	3,581.50	2,879.29	345.07	220.95
Automobile Flaps	No.	243,063	270,198	3,732,544	3,447,118	378,051	243,063
	Rs./Millions	43.03	38.00	806.27	658.13	66.48	43.03
Pre-cured Tread Rubber	No.	14,375	-	126,329	51,871	37,222	14,375
	Rs./Millions	17.67	-	167.95	65.36	49.08	17.67
Alloy Wheels	No.	4,199	1,704	617	4,593	3,597	4,199
	Rs./Millions	2.93	2.70	2.17	10.64	2.89	2.93
TOTAL	Rs./Millions	2,124.36	1,706.64	42,469.83	37,743.43	2,667.15	2,124.36

* Includes quantities relating to claims and own consumption.

(C) Raw Materials Consumed

PARTICULARS	2007-08		2006-07	
	Tonnes	Rs./Millions	Tonnes	Rs./Millions
Fabric	24,929.93	4,193.56	23,840.50	4,354.54
Rubber	139,664.30	13,490.96	130,385.26	12,315.09
Chemicals	21,460.37	1,953.54	19,880.68	1,916.78
Carbon Black	69,256.16	2,817.91	64,923.07	2,751.32
Others		1,474.22		1,309.29
TOTAL		23,930.19		22,647.02

(D) Break-up of Consumption

PARTICULARS		2007-08		2006-07	
		%	Rs./Millions	%	Rs./Millions
Raw Material	– Imported	31.23	7,473.04	31.18	7,061.73
	- Indigenous	68.77	16,457.15	68.82	15,585.29
		100.00	23,930.19	100.00	22,647.02
Stores & Spares	- Imported	7.44	20.15	8.14	21.13
	-Indigenous	92.56	250.66	91.86	238.30
		100.00	270.81	100.00	259.43

(E) C.I.F. Value of Imports

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Raw Material	7,274.01	8,007.61
Stores & Spares	40.18	37.07
Finished Goods	-	25.09
Capital Goods	204.44	1,067.53

(F) Expenditure in Foreign Currency (Remitted) :

(Excluding value of imports)

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Interest	8.69	126.18
Dividend *	26.55	26.65
Others	214.63	162.77

*Number of non-resident Shareholders – 37 (37), Number of Shares held by Non resident Shareholders – 5,922,950 (5,922,950).

14. Earnings in Foreign Exchange:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
FOB value of Exports	940.24	416.95

15. Pre-operative expenses included in capital work-in-progress

PARTICULARS	2007-08 Rs./Millions
Salaries, Wages and Bonus	3.46
Contribution to Provident and Other Funds	0.14
Welfare Expenses	0.13
Rent	1.91
Travelling, Conveyance and Vehicle expenses	4.84
Postage, Telex Telephone and Stationery	0.11
Miscellaneous Expenses	0.28
TOTAL	10.87

The above amount represents direct & indirect expenditure incurred during construction period with respect to the new manufacturing plant being set up by the company at Sriperumbudur, Chennai.

16. Employee Benefits

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plan:

Profit and Loss Account:

PARTICULARS	2007-08 Rs. Millions
Net employee benefit expenses (recognised in employee cost):	
Current service cost	19.77
Interest cost on benefit obligation	23.87
Expected return on plan assets	(19.93)
Net actuarial loss recognised in the year	17.81
Net benefit expense	41.52

Balance Sheet

Particulars	2007-08 Rs. Millions
Reconciliation of present value of the obligation and the fair value of plan assets:	
Fair value of plan assets at the end of the year	248.14
Present value of funded obligation at the end of the year	339.69
Asset/(Liability) recognised in the balance sheet	(91.55)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2007-08 Rs. Millions
Present value of obligations as at the beginning of the year	298.35
Interest cost	23.87
Current service cost	19.77
Benefits paid	(20.62)
Actuarial loss on obligation	18.32
Present value of obligations as at the end of the year	339.69

Changes in the fair value of plan assets are as follows:

Particulars	2007-08 Rs. Millions
Fair value of plan assets as at the beginning of the year	213.12
Expected return on plan assets	19.93
Contributions	28.83
Benefits paid	(14.25)
Actuarial gain on plan assets	0.51
Fair value of plan assets as at the end of the year	248.14

Principal actuarial assumptions:

Particulars	Rate (%)
a) Discount rate as on 31.03.2008	8.00
b) Future salary increase*	5.50

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

The prior year comparables are not given since the revised accounting standard 15 – "Employee Benefits" is applicable from April 1, 2007.

17. The components of Deferred Tax Liability (Net) are as follows

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Deferred Tax Liability on timing differences arising on:		
Depreciation	1,524.87	1,394.38
Sub Total (A)	1,524.87	1,394.38
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	0.65	0.61
Others	112.22	103.20
Sub Total (B)	112.87	103.81
Net Deferred Tax Liability (A-B)	1,412.00	1,290.57

18. Provision for sales related obligations represents estimates for payments to be made in future. Major portion of the these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date:

Rs./Millions

Opening Balance as at 01.04.2007	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2008
410.69	503.77	483.36	431.10

19. The following forward exchange contracts entered into by the company are outstanding as on 31st March, 2008:

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	750,000	Sell	Rupees

The above forward contract has been valued mark to market as at the year-end and the resulting loss has been charged to the profit & loss account.

20. The company's operations comprise of only one segment – Tyres, Tubes & Flaps in the context of reporting business/geographical segment as required under Accounting Standard -17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

21. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

a) Name of the Related Parties:

PARTICULARS	2007-08	2006-07
Subsidiaries	Apollo (Mauritius) Holding Pvt. Ltd. (AMHPL) Apollo (South Africa) Holding Pty. Ltd. (ASHPL) (Subsidiary through AMHPL) Dunlop Tyres International Pty. Ltd. (DTIPL) (Subsidiary through AMHPL) Dunlop Africa Marketing (UK) Ltd.(DAMUK) (Subsidiary through DTIPL) Dunlop Zimbabwe Ltd. (DZL) (Subsidiary through DAMUK) Radun Investment (Pvt.) Ltd. (Subsidiary through DAMUK) AFS Mining (Pvt.) Ltd. (Subsidiary through DZL) Ceased to be subsidiary Ceased to be subsidiary Apollo Tyres AG, Switzerland (AT AG) Apollo Tyres GmbH , Germany (AT GmbH) (Subsidiary through AT AG) Apollo Tyres Kft., Hungary (AT Kft) (Subsidiary through AT AG) Apollo Tyres Pte Ltd, Singapore (AT PL) (Subsidiary through AMHPL)	Apollo (Mauritius) Holding Pvt. Ltd. (AMHPL) Apollo (South Africa) Holding Pty. Ltd. (ASHPL) (Subsidiary through AMHPL) Dunlop Tyres International Pty. Ltd. (DTIPL) (Subsidiary through AMHPL) Dunlop Africa Marketing (UK) Ltd.(DAMUK) (Subsidiary through DTIPL) Dunlop Zimbabwe Ltd. (DZL) (Subsidiary through DAMUK) Radun Investment (Pvt.) Ltd. (Subsidiary through DAMUK) AFS Mining (Pvt.) Ltd. (Subsidiary through DZL) Apollo Automotive Tyres Ltd. Apollo Radial Tyres Ltd.
Associates	Apollo International Ltd. (AIL) Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation) Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd. PTL Enterprises Ltd. (PTL) National Tyre Services, Zimbabwe Pressurite (Pty) Ltd, South Africa Apollo Finance Ltd. Artemis Medicare Services Pvt. Ltd. Artemis Health Sciences Pvt. Ltd. Apollo Automotive Tyres Ltd. Apollo Radial Tyres Ltd.	Apollo International Ltd. (AIL) Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation) Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd. PTL Enterprises Ltd.(PTL) National Tyre Services, Zimbabwe Pressurite (Pty) Ltd, South Africa Apollo Finance Ltd. Artemis Medicare Services Pvt. Ltd. Artemis Health Sciences Pvt. Ltd.
Key Management Personnel	Mr. O. S. Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar	Mr. O. S. Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar
Relative of Key Managerial Personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

b) Transactions with Related Parties

2007-08

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
	Rs./Millions	Rs./Millions	Rs./Millions	Rs./Millions
Volume of Transactions:				
Sales to AIL		2,216.41		2216.41
Sales to Others	95.46			95.46
Investments made in Equity Shares of AT AG	3.34			3.34
Advance paid towards Equity Shares of AT AG	36.30			36.30
Investments made in Preference Shares of AMHPL	442.70			442.70
Loans Given to AMHPL	2.43			2.43
Reimbursement of Expenses				
Received from DTIPL	(26.65)			(26.65)
Reimbursement of Expenses				
Received from others	(1.70)			(1.70)
Reimbursement of Expenses to PTL		355.85		355.85
Reimbursement of Expenses to others		0.01		0.01
Lease Rent paid to PTL		200.00		200.00
Service Charges received from PTL		(3.60)		(3.60)
Managerial Remuneration			186.81	186.81
Purchases from DTIPL	1.63			1.63
Traveling Expenses to Travel Tracks (P) Ltd.		139.25		139.25
Rent Received		(0.87)		(0.87)
Conference Expenses to Travel Tracks (P) Ltd.		40.01		40.01
Interest Received from PTL		(2.72)		(2.72)
Rent paid to Sun life Trade Links (P) Ltd.		21.30		21.30
Rent paid to Landmark Farms & Housing (P) Ltd.		13.20		13.20
Security Deposit Paid to PTL		100.00		100.00
Claims Accepted from AIL		3.15		3.15
Total	553.51	3,081.99	186.81	3,822.31
Amount Outstanding Dr./(Cr.)	178.30	627.01	-	805.31
From AMHPL	130.43			
From others	47.87			
From PTL		280.21		
From Landmark Farms & Housing (P) Ltd.		111.50		
From AIL		183.59		
From others		51.71		

2006-07

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
	Rs./Millions	Rs./Millions	Rs./Millions	Rs./Millions
Volume of Transactions:				
Sales to AIL		2,781.96		2,781.96
Sales to Others	28.92			28.92
Investments made in Equity Shares of AMHPL	249.01			249.01
Loans given & converted to Preference Shares of AMHPL	2,329.23			2,329.23
Reimbursement of Expenses Received from DTIPL	(11.99)			(11.99)
Reimbursement of Expenses to PTL		350.17		350.17
Lease / Service Charges to PTL		150.00		150.00
Service Charges received from PTL		(3.60)		(3.60)
Managerial Remuneration			126.34	126.34
Rent paid to Sun life Trade Links (P) Ltd.		21.30		21.30
Rent paid to Landmark Farms & Housing (P) Ltd.		13.20		13.20
Purchases from DTIPL	18.84			18.84
Purchase of Capital Items	23.93	80.00		103.93
Traveling Expenses to Travel Tracks (P) Ltd.		95.73		95.73
Rent Received		(0.84)		(0.84)
Conference Expenses to Travel Tracks (P) Ltd.		26.36		26.36
Investments written off		5.18		5.18
Interest Received from AMHPL	137.75			137.75
Interest Received from others		(0.40)		(0.40)
Security Deposit paid to PTL		150.00		150.00
Dividend Paid		15.78		15.78
Claims Accepted from AIL		0.03		0.03
Total	2,775.69	3,684.87	126.34	6,586.90
Amount Outstanding Dr./(Cr.)	163.94	582.31	-	746.25
From AMHPL	137.75			
From DTIPL	26.19			
From PTL		176.41		
From Landmark Farms & Housing (P) Ltd.		111.50		
From AIL		254.66		
From others		39.74		

22. Operating Lease

The company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were Rs. 200 Millions (Rs. 150 Millions).

The schedule of future minimum lease payments in respect of non-cancelable operating leases is set out below:

PARTICULARS	31st March 2008 Rs./Millions	31st March 2007 Rs./Millions
Within one year of the balance sheet date	250.00	150.00
Due in a period between one year and five years	1,000.00	600.00
Due after five years	250.00	300.00

23. Earning Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earning Per Share:

PARTICULARS	2007-08	2006-07
a) Basic		
Profit attributable to the equity shareholders used as numerator (Rs. Millions) - (A)	2,193.03	1,134.22
The weighted average number of equity shares outstanding during the year used as denominator -(B)	470,905,262	417,847,220
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	4.66	2.71
b) Diluted		
Profit attributable to the equity shareholders used as numerator (Rs. Millions) - (A)	2193.03	1,134.22
The weighted average number of equity shares outstanding during the year used as denominator -(B)	472,721,493	418,832,820
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	4.64	2.71

Note: Pursuant to the sub-division of the face value of equity shares of the company from Rs. 10/- each to Re. 1/- each during the year, previous year figures have been restated.

24. Previous Year's figures have been regrouped wherever necessary to conform to the classifications for the current year.

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
9th May, 2008

MR. ONKAR S.KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

MR. NEERAJ KANWAR
Vice Chairman &
Joint Managing Director

P. N. WAHAL
Head-Secretarial &
Company Secretary

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MR. SUNAM SARKAR
MR.U.S.OBEROI
DR. S. NARAYAN
MR. A.K.PURWAR
MR. ROBERT STEINMETZ
MR. T. BALAKRISHNAN

Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(AS PER SCHEDULE VI, PART (iv) OF THE COMPANIES ACT, 1956)

I	REGISTRATION DETAILS	
	Registration No.	2449
	State Code	9
	Balance Sheet Date	31 03 2008
II	CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)	
	Public Issue	NIL
	Rights Issue	NIL
	Private Placement (Conversion of Equity share warrants) incl. Share Premium	643955
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)	
	Total Liabilities*	18352660
	Total Assets	18352660
	Paid-up Capital**	5341160
	Reserves & Surplus	11799990
	Secured Loans	2231450
	Unsecured Loans	2375060
	*Including Deferred Tax Liability (Net)	1412000
	**Including Private Placement (Equity share warrants)	45650
	APPLICATION OF FUNDS	
	Net Fixed Assets	10654040
	Investments	3027130
	Net Current Assets	4668900
	Misc. Expenditure	2590
	Accumulated Losses	NIL
IV	PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)	
	Turnover including Other Incomes	42562060
	Total Expenditure	39227590
	Profit Before Tax	3334470
	Profit After Tax	2193030
	Earnings Per Share – Basic (Rs.)	4.66
	Earnings Per Share – Diluted (Rs.)	4.64
	Dividend Rate (%)	50

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

ITEM CODE NO. (ITC CODE)	TYRES	FLAPS	TUBES
Passenger/Jeep	40111000		40131001
Bus/Lorries	40112000	40129004	40131002
Off the Road	40119901		40139003
Tractor	40119902		40139004

Signatures to Schedules 1 to 12 which form integral part of Accounts.

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Company Secretary

Gurgaon
9th May, 2008

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STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES

ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

NAME OF THE SUBSIDIARY	*APOLLO (MAURITIUS) HOLDINGS PVT LTD (AMHPL)	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD (ASHPL)	DUNLOP TYRES INTERNATIONAL (PTY) LTD (DTIPL)	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD. (DAMUK)	APOLLO TYRES PTE LTD, SINGAPORE (AT PL)	APOLLO TYRES AG, SWITZERLAND (AT AG)	APOLLO TYRES GmbH, GERMANY (AT GmbH)	APOLLO TYRES KFT, HUNGARY (AT KFT)
1 NUMBER OF SHARES HELD IN THE SUBSIDIARY COMPANY	5,568,188 EQUITY SHARE OF US$ 1/- FULLY PAID & 51, 941,679 9% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF US$ 1/- FULLY PAID	200 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	2,487,818 ORDINARY SHARES OF ZAR 0,0001 EACH FULLY PAID (SUBSIDIARY THROUGH ASHPL)	103 ORDINARY SHARES OF GBP 1 EACH FULLY PAID (SUBSIDIARY THROUGH DTIPL)	1 EQUITY SHARE OF US$ 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	1 EQUITY SHARE OF CHF 100,000 EACH FULLY PAID	1 SHARE OF GmbH 1 EACH FULLY PAID (SUBSIDIARY THROUGH AT AG)	1 QUOTA OF HUF 100,000 EACH FULLY PAID (SUBSIDIARY THROUGH AT AG)
2 PERCENTAGE OF HOLDING IN THE SUBSIDIARY COMPANY	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3 FINANCIAL YEAR ENDED	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
4 PROFITS/(LOSSES) OF THE SUBSIDIARY COMPANY FOR ITS FINANCIAL YEAR SO FAR AS IT CONCERNS THE MEMBERS OF APOLLO TYRES LTD. WHICH HAVE NOT BEEN DEALT WITH IN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED 31ST MARCH, 2008 **								
FOR THE YEAR	(Rs. 103.61 Millions)	(Rs. 154.63 Millions)	Rs. 654.01 Millions	Rs. 97.26 Millions	(Rs. 0.23 Millions)	(Rs. 1.42 Millions)	(Rs. 0.27 Millions)	(Rs. 2.92 Millions)
FOR THE PREVIOUS FINANCIAL YEAR	(Rs. 0.95 Millions)	(Rs. 131.38 Millions)	Rs. 111.50 Millions	(Rs. 10.37 Millions)	-	-	-	-
TOTAL ACCUMULATED UPTO THE YEAR	(Rs. 104.56 Millions)	(Rs. 286.01 Millions)	Rs. 765.51 Millions	Rs. 86.89 Millions ***	(Rs. 0.23 Millions)	(Rs. 1.42 Millions)	(Rs. 0.27 Millions)	(Rs. 2.92 Millions)
5 THE NET AGGREGATE OF PROFITS / (LOSSES) OF THE SUBSIDIARY CO. WHICH HAVE BEEN DEALT WITHIN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED 31ST MARCH, 2008								
FOR THE YEAR	-	-	-	-	-	-	-	-
FOR THE PREVIOUS FINANCIAL YEAR	-	-	-	-	-	-	-	-
TOTAL ACCUMULATED UPTO THE YEAR	-	-	-	-	-	-	-	-

* Exchange rates conversion on average rates during the year.

**The information in respect of subsidiaries in Zimbabwe through DAMUK, which operate under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair its ability to transfer funds to parent has not been disclosed.

***Includes Rs. 21.09 Millions Special Reserve Account.

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Head-Accounts

P. N. WAHAL
Head-Secretarial &
Company Secretary

Gurgaon
9th May, 2008

AUDITORS REPORT TO THE BOARD OF DIRECTORS OF APOLLO TYRES LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of Apollo Tyres Ltd. (the company), its subsidiaries and associates (collectively referred as the Apollo Tyres Group) as at 31st March 2008, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and associates whose financial statements reflect total assets of Rs.9,247 million as at 31st March 2008, total revenues of Rs.10,069 million and net cash outflows amounting to Rs.26 million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on the report of the other auditors. The results of the subsidiaries/associate based in Zimbabwe have not been consolidated in accordance with paragraph 11 of the accounting standard (AS) 21- "Consolidated Financial Statements" notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.
4. We report that the Consolidated Financial Statements have been prepared by Apollo Tyres Ltd's management in accordance with the requirements of accounting standard (AS) 21 – " Consolidated Financial Statements" and accounting standard (AS) 23- " Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   a. in the case of Consolidated Balance Sheet, of the state of affairs of Apollo Tyres Group as at 31st March 2008;
   b. in the case of Consolidated Profit and Loss account, of the profit for the year ended on that date; and
   c. in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Membership No: 29519

Place : Gurgaon
Date : 9th May, 2008

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH 2008

	Schedule	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	488.51	464.09
Equity Share Warrants (Note - B 4(b))		45.65	117.20
Reserves and Surplus	2	11,290.67	8,766.74
		11,824.83	9,348.03
Loans :	3		
Secured		3,940.31	6,606.47
Unsecured		2,520.89	1,625.40
		6,461.20	8,231.87
Deferred Tax Liability (Net) (Note - B 13)		1,755.68	1,701.11
T O T A L		20,041.71	19,281.01
APPLICATION OF FUNDS :			
Fixed Assets	4		
Gross Block		19,554.24	19,474.63
Less : Depreciation		7,502.88	6,812.78
Net Block		12,051.36	12,661.85
Capital Work in Progress		949.48	800.99
		13,000.84	13,462.84
Goodwill on Consolidation		214.99	260.40
Investments	5	51.87	54.05
Current Assets, Loans and Advances :	6		
Inventories		7,151.48	6,386.74
Sundry Debtors		3,128.98	3,673.90
Cash and Bank Balances		2,847.09	1,935.09
Other Current Assets		0.42	1.39
Loans and Advances		1,678.76	2,133.00
		14,806.73	14,130.12
Less: Current Liabilities and Provisions	7		
Current Liabilities		6,923.79	7,939.16
Provisions		1,111.52	688.48
		8,035.31	8,627.64
Net Current Assets		6,771.42	5,502.48
Deferred Revenue Expenditure (Note B 10)		2.59	1.24
T O T A L		20,041.71	19,281.01
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12		

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
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9th May, 2008

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Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 2008

	Schedule		Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March,2007 Rs./Millions
INCOME					
Gross Sales		52,442.92		47,812.15	
Less: Excise Duty		5,530.56	46,912.36	4,820.15	42,992.00
Other Income	8		211.86		157.26
			47,124.22		43,149.26
EXPENDITURE					
Manufacturing and Other Expenses	9		41,694.65		39,132.11
(Increase) / Decrease in Work in Process and Finished Goods	10		(706.29)		(80.96)
Interest	11		784.50		962.26
			41,772.86		40,013.41
Profit Before Depreciation & Tax			5,351.36		3,135.85
Depreciation		1,298.64		1,173.88	
Transfer from Revaluation Reserve		-	1,298.64	(1.52)	1,172.36
Profit Before Tax			4,052.72		1,963.49
Provision for Tax - Current		1,183.54		446.40	
- Deferred		127.33		310.45	
- Fringe Benefit Tax		45.00	1,355.87	36.00	792.85
Net Profit Before Share of Profit of Associates			2,696.85		1,170.64
Share of Profit of Associates			-		-
Net Profit for the Year			2,696.85		1,170.64
Add: Profit brought forward from previous year			1,713.40		1,264.16
Transfer from Debenture Redemption Reserve			21.70		16.70
			4,431.95		2,451.50
Deduct: Appropriations:					
General Reserve			600.00		500.00
Proposed/ (Interim Dividend)			252.01		208.81
Dividend Tax			42.83		29.29
			894.84		738.10
Surplus Carried to Schedule 2			3,537.11		1,713.40
Basic Earnings Per Share (Face Value of Re.1/- each) (Rs.)			5.73		2.80
Diluted Earnings Per Share (Face Value of Re.1/- each) (Rs.)			5.70		2.79
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT	12				

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
9th May, 2008

MR. ONKAR S.KANWAR
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Directors

CONSOLIDATED CASH - FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH 2008

		Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March,2007 Rs./Millions
A. CASH FLOW FROM OPERATING ACTIVITIES				
(I) PROFIT AFTER TAX		2,696.85		1,170.64
ADD: - PROVISION FOR TAX		1,355.87		792.85
NET PROFIT BEFORE TAX		4,052.72		1,963.49
ADD: -DEPRECIATION	1,298.64		1,172.36	
- LEASE RENT ON LEASEHOLD LAND	0.78		0.21	
- (PROFIT) / LOSS ON SALE OF ASSETS (NET)	3.77		8.42	
- INCOME FROM INVESTMENTS	(0.45)		-	
- PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	-		2.40	
- (REVERSAL) / PROVISION FOR DOUBTFUL DEBTS/ADVANCES	30.19		16.57	
- DEFERRED REVENUE EXP. PAYMENT NET OF AMORTISED	(1.35)		1.32	
- INTEREST	784.50		962.26	
- UNREALISED FOREX FLUCTUATION LOSS / (GAIN)	32.84		(5.48)	
- BAD DEBTS WRITTEN OFF	7.69	2,156.61	-	2,158.06
(ii) OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		6,209.33		4,121.55
ADJUSTMENT FOR				
- TRADE & OTHER RECEIVABLES	327.66		(778.61)	
- INVENTORIES	(1,165.29)		(79.85)	
- TRADE PAYABLES	(78.70)	(916.33)	2,411.42	1,552.96
(iii) CASH GENERATED FROM OPERATIONS		5,293.00		5,674.51
- DIRECT TAXES PAID		(927.58)		(393.28)
(iv) NET CASH FLOW FROM OPERATING ACTIVITIES		4,365.42		5,281.23
B. CASH FLOW FROM INVESTING ACTIVITIES				
- PURCHASE OF FIXED ASSETS	(1,693.19)		(1,687.64)	
- SALE OF FIXED ASSETS	341.94		7.69	
- PURCHASE OF INVESTMENTS	(48.50)		-	
- ACQUISITION OF SUBSIDIARY	0.23		(2,639.17)	
- INTEREST RECEIVED	32.60		27.26	
NET CASH USED IN INVESTING ACTIVITIES		(1,366.92)		(4,291.86)
C. CASH FLOW FROM FINANCING ACTIVITIES				
- PROCEEDS FROM ISSUE OF SHARE WARRANTS	-		117.20	
- PROCEEDS FROM ISSUE OF SHARE CAPITAL INCLUDING SHARE PREMIUM	643.96		2,436.43	
- LONG TERM BORROWING RECEIVED	397.78		1,235.11	
- DEFERRED CREDIT ON ACQUISITION	(340.95)		393.43	
- REPAYMENTS OF LONG TERM BORROWING	(1,101.24)		(866.67)	
- PAYMENTS OF UNPAID DEBENTURES REDEMPTION	(1.44)		-	
- BANK OVERDRAFT/SHORT TERM FUNDS	(685.38)		(3,030.57)	
- DIVIDENDS PAID	(142.17)		(291.53)	
- INTEREST PAID	(841.18)		(1,016.16)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		(2,070.62)		(1,022.76)
ADJUSTMENT ARISING ON DISINVESTMENT OF SUBSIDIARY		(0.40)		-
FOREX FLUCTUATION DIFF. ARISING OUT OF CONSOLIDATION		(15.48)		(346.19)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		912.00		(379.58)
CASH & CASH EQUIVALENT AS ON 01.04.2007 (01.04.2006)		1,935.09		2,314.67
CASH & CASH EQUIVALENT AS ON 31.03.2008 (31.03.2007)		2,847.09		1,935.09

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
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MR. T. BALAKRISHNAN

Directors

SCHEDULES

ANNEXED TO THE ACCOUNTS

SCHEDULE 1 - SHARE CAPITAL

	As at 31st March, 2008 Rs./Millions	As at 31st March, 2007 Rs./Millions
AUTHORISED		
730,000,000 (730,000,000 *) Equity Shares of Re.1/- each	730.00	730.00
200,000 (200,000) Cumulative Redeemable Preference Shares of Rs.100/- each	20.00	20.00
	750.00	750.00
ISSUED, SUBSCRIBED, CALLED AND PAID UP		
488,444,770 (464,024,770 *) Equity Shares of Re. 1/- each (Note B - 4)	488.44	464.02
Add: Forfeited Shares	0.07	0.07
	488.51	464.09

* No. of Shares - Post Split

SCHEDULE 2 - RESERVES & SURPLUS

	As at 31st March, 2008 Rs./Millions	As at 31st March,2007 Rs./Millions
CAPITAL RESERVES		
Fixed Assets Revaluation Reserve		
As per last Balance Sheet	31.57	33.09
Less: Transfer to Profit & Loss Account	-	1.52
	31.57	31.57
Share Forfeiture (Rs. 1375/-)	-	-
Capital Redemption	44.40	44.40
Debenture Redemption		
As per last Balance Sheet	21.70	38.40
Less: Transfer to Profit & Loss Account	21.70	16.70
	-	21.70
Securities Premium		
As per last Balance Sheet	4,527.71	2,171.97
Add: Received during the year	691.09	2,419.35
Less: Issue expenses written off	-	63.61
	5,218.80	4,527.71
OTHER RESERVES		
Foreign Currency Translation Reserve		
As per last Balance Sheet	(476.47)	-
Addition during the year	(569.17)	(476.47)
	(1,045.64)	(476.47)
Capital Subsidy	3.00	3.00
General		
As per last Balance Sheet	2,901.43	2,401.43
Add: Transfer from Profit & Loss Account	600.00	500.00
	3,501.43	2,901.43
Surplus as shown in the Profit & Loss Account	3,537.11	1,713.40
	11,290.67	8,766.74

SCHEDULE 3 - LOANS

		As at 31st March, 2008 Rs./Millions		As at 31st March,2007 Rs./Millions
SECURED				
Debentures				
1,000,000 - 11.25% Non Convertible Debenture of Rs.100/- each		100.00		100.00
Less : Redeemed to date		100.00		66.67
		-		33.33
Term Loans				
From International Finance Corporation				
- Foreign Currency	345.33		516.13	
- Rupee Loan	321.52	666.85	428.69	944.82
From Banks :				
ICICI Bank, Foreign Currency		-		235.71
State Bank of India		500.00		752.93
ICICI Bank, South Africa		978.56		1,264.28
Standard Bank, South Africa		-		207.73
State Bank of India, South Africa		345.46		-
From Institutions :				
G E Capital Services India		105.00		165.00
Other Loans :				
Banks - Cash Credit		500.72		2,111.76
Banks - Overdraft, South Africa		384.84		396.83
Deferred Payment Credit		383.33		400.00
Sales Tax Loan		75.55		94.08
		3,940.31		6,573.14
		3,940.31		6,606.47
UNSECURED				
Short term Loans - From Banks		2,375.06		1,483.34
- From Others		145.83		142.06
		2,520.89		1,625.40

NOTES: SECURED LOANS

1. Loan from International Finance Corporation is secured by :
   - A pari passu first charge along with other lenders on the parent company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A first and fixed charge on the parent company's Land and premises situated at Gurgaon, Haryana State together with all existing and future buildings, erections and structures.
   - A pari passu first charge on all the movable assets except current assets of the parent company.
   - A second charge on all the current assets of the parent company.
2. Loan from State Bank of India is secured by :
   - A pari passu first charge along with other lenders on the parent company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A second charge on all the current assets of the parent company.
3. Loan from GE Capital Services India is secured by :
   - A pari passu first charge along with other lenders on the parent company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A pari passu first charge on all the moveable assets except current assets at Chalakudy, Kerala State and at village Limda, Gujarat State.
4. Cash Credits and Guarantees from Banks are secured by Hypothecation of Raw materials, Work-in-Process, Stocks, Stores and Book Debts ranking in priority to the charge created in respect of the IFC Loan and also by second charge on the Parent company's land at Chalakudy, Kerala State and at Village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
5. Deferred payment credit is secured by specific assets purchased under the scheme and include Rs. 20.94 Million (Rs.16.67 Millions) repayable within one year.
6. The parent company had availed interest free Sales Tax Loan from Gujarat State Government amounting to Rs. 112.61 Millions. These loans are secured by a pari-passu charge on the entire fixed assets of the parent company, both present and future situated at Village Limda in Gujarat State. The said loan is repayable in six equal annual installments on the expiry of 14 years from the commencement of commercial production i.e. 31st May, 2006. Accordingly, a sum of Rs 18.53 Millions (Rs. 18.53 Millions) was paid during the year and a similar amount is repayable within one year.
7. Secured Loans include Rs. 928.38 Millions (Rs. 1,160.28 Millions) repayable within one year.
8. Maximum amount outstanding on Commercial papers at any time during the year was Rs. 24.50 Millions (Rs. 30.50 Millions).
9. One of the subsidiary company has entered into an inter-creditor Agreement with the security SPV namely Micawber 362 Pty Ltd, wherein security has been given to the lenders by the Security SPV. The subsidiary company, in turn, has issued counter indemnity and cession in security to the Security SPV for all amounts which may become payable to the lenders for present and future obligations. The lenders who rank as pari passu creditors of the security SPV are Standard Bank, State Bank of India and ICICI Bank Ltd.

   The security held by the Security SPV is as follows:

   - a covering mortgage bond over freehold property

   - a collateral mortgage bond over free hold property

   - a general notarial bond over all movable property and effects, including debtors, rights, plant & equipment and furniture & fittings

   - a special notarial bond over certain specified assets

   - a deed of surety ship of Dunlop Marketing (UK) Limited

   - a cession in security of the company's rights, title and interest in and to a trade mark license agreement with BTR Industries Ltd dated 30th April 1998, as amended and a trade mark assignment agreement with Dunlop International Ltd.

SCHEDULE 4 - FIXED ASSETS

Rs./Millions

Description of Assets	GROSS BLOCK					DEPRECIATION		NET BLOCK	
	As at 31st March, 2007	Additions*	Deductions	Exchange rate Adjustment(d)	As at 31st March, 2008	For the Year	To date	As at 31st March, 2008	As at 31st March, 2007
Land	182.05 (b)	-	-	18.80	163.25 (b)	-	-	163.25	182.05
Leasehold Land	20.03	142.68	10.26 (a)	-	152.45	-	-	152.45	20.03
Buildings	2,097.39 (b)	155.28	137.66	66.90	2,048.11 (b)	62.91	454.32	1,593.79	1,641.95
Plant & Machinery	15,091.54 (b)	1,072.23	381.68	633.10	15,148.99 (b)	1,058.99	5,976.01	9,172.98	9,743.72
Electrical Installation	357.39	20.60	33.96	-	344.03	16.51	176.21	167.82	177.83
Furniture Fixtures & Office Equipments	759.77	60.48	12.34	33.97	773.94	57.31	444.91	329.03	335.52
Vehicles	395.32	89.25	80.82	3.22	400.53	44.25	189.75	210.78	201.97
Intangible Assets	456.44	8.00	-	56.20	408.24	58.67	146.98	261.26	358.78
Assets under Hire Purchase acquired after 01.04.2001: -Vehicles	114.70	-			114.70	-	114.70	-	-
	19,474.63	1,548.52	656.72 (c)	812.19	19,554.24	1,298.64	7,502.88 (c)	12,051.36	12,661.85
Previous Year	13,106.06	6,417.39	48.82		19,474.63	1,173.88	6,812.78	12,661.85	8,406.70

(a) Represents proportionate lease premium Rs. 0.78 Millions (Rs.0.21 Millions) written off.

(b) Includes amount added on revaluation in 1985-86 and 1986-87 - Rs.227.76 Millions.

(c) Includes Rs. 550.84 Millions Original cost & Rs. 248.03 Millions accumulated depreciation respectively corresponding to the sale of tube plant at Pune (Refer Note B(5)).

(d) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries to difference in opening and closing conversion rates.

SCHEDULE 5 - INVESTMENTS

	As at 31st March, 2008 Rs./Millions	As at 31st March, 2007 Rs./Millions
LONG TERM :		
TRADE (FULLY PAID)		
QUOTED		
Equity Shares of Rs.10/- each in Companies :		
999,515 (999,515) Shares in Raunaq Finance Ltd.	10.00	10.00
167,150 (167,150) Shares in Apollo Tubes Ltd.	0.17	0.17
16,394 (16,394) Shares in Bharat Gears Ltd.	0.36	0.36
86,867,731 (86,867,731) Ordinary Shares in National Tyre Service, Zimbabwe	39.22	41.65
	49.75	52.18
UNQUOTED		
5,000 (5,000) Shares of Rs. 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50
500,000 (500,000) Ordinary Shares in RADUN Investment (Private) Ltd, Zimbabwe	9.89	10.50
24,500 (50,000) Equity Shares of Rs. 10/- each in Apollo Radial Tyres Ltd.	0.20	-
24,500 (50,000) Equity Shares of Rs. 10/- each in Apollo Automotive Tyres Ltd.	0.20	-
	10.79	11.00
NON TRADE (FULLY PAID)		
QUOTED		
CURRENT:		
132,191 (118,671) Units of "UTI Balanced Fund - Dividend Plan - Reinvestment" of Unit Trust of India # (13,520 units acquired during the year - Cost Rs. 0.46 Millions)	1.50	1.04
	62.04	64.22
Less : Provision for Diminution / Reduction in the Value of Investments	10.17	10.17
	51.87	54.05
Cost / Book value of Quoted Investments (Net of Provision for Diminution / Reduction in the Value of Investments)	39.58	42.01
Market Price of Quoted Investments	50.07	47.98
# Repurchase Price of Units	2.61	3.20

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2008 Rs./Millions	As at 31st March, 2007 Rs./Millions
CURRENT ASSETS		
Inventories : @		
Raw Materials	2,756.69	2,383.92
Stores and Spares	316.97	352.46
Work-in-Process	417.82	493.47
Finished Goods	3,660.00	3,156.89
	7,151.48	6,386.74
Sundry Debtors		
Over Six Months - Unsecured		
Considered Good	11.29	19.57
Considered Doubtful	108.28	80.34
Others - Unsecured & Good	3,117.69	3,654.33
	3,237.26	3,754.24
Less: Provision for Doubtful Debts	108.28	80.34
	3,128.98	3,673.90
Cash and Bank Balances		
Cash and Cheques on hand	425.43	454.86
Remittances in Transit	326.99	272.87
With Scheduled Banks :		
Current Accounts	949.21	430.56
Dividend Accounts	17.75	159.92
Deposit Accounts*	1,127.71	403.03
With Other Banks :		
Current Accounts	-	213.85
	2,847.09	1,935.09
Other Current Assets		
Interest Accrued on Loans/ Deposits	0.42	1.39
	0.42	1.39

* Includes Rs. 156.75 Millions (Rs.146.38 Millions) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd.

@ Includes stock in transit

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES (Continued)

		As at 31st March, 2008 Rs./Millions		As at 31st March, 2007 Rs./Millions
LOANS AND ADVANCES - UNSECURED				
(Considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Considered Good		1,711.74		1,893.90
Considered Doubtful		2.25		
		1,713.99		1,893.90
Less: Provision for Doubtful Advances		2.25		
		1,711.74		1,893.90
Advance Tax	3,501.61		2,575.38	
Less: Provision for Taxation	3,534.85	(33.24)	2,337.45	237.93
Balance with Customs, Port Trust etc.		0.26		1.17
		1,678.76		2,133.00
		14,806.73		14,130.12

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008 Rs./Millions	As at 31st March, 2007 Rs./Millions
CURRENT LIABILITIES		
Acceptances	749.16	1,178.42
Sundry Creditors :		
Dues to micro & small enterprises	109.46	-
Others	5,996.16	6,524.31
**Investor Education and Protection Fund shall be credited by the following amounts namely:-		
Unpaid Debenture Redemption Amount	1.74	3.18
Unpaid Interest on Debentures	0.47	0.96
Unpaid Matured Deposits	1.21	1.26
Interest on Unpaid Matured Deposits	0.10	0.10
***Unpaid Dividend	21.15	164.04
Interest accrued but not due	44.34	66.89
	6,923.79	7,939.16
PROVISIONS		
Dividend Tax	42.83	-
Proposed Dividend on Equity Shares	252.01	-
Post Retirement Medical Benefits	116.16	134.73
Provision for Sales related obligations	431.10	410.69
Gratuity, Leave Encashment & Superannuation	269.42	143.06
	1,111.52	688.48
	8,035.31	8,627.64

** 1. There are no amounts due and outstanding as at Balance Sheet Date to be credited to the Investor Education & Protection Fund.

2. Other unpaid amounts represent warrants / cheques issued to the Debentureholders / Depositors / Shareholders, as the case may be, which remain unpresented to the Bankers as on 31st March, 2008.

*** Includes **Rs. 3.40 Milllions** (Rs. 4.12 Millions) payable by one of the subsidiaries.

SCHEDULE 8 - OTHER INCOME

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March ,2007 Rs./Millions
Income from Non-trade Investments		
From Mutual Funds	0.45	-
	0.45	-
Miscellaneous Receipts*	211.41	157.26
	211.86	157.26
*Tax Deducted at Source	0.41	0.20

SCHEDULE 9 - MANUFACTURING & OTHER EXPENSES

		Year Ended 31st March, 2008 Rs./Millions		Year Ended 31st March, 2007 Rs./Millions
MATERIALS				
Raw Materials Consumed*		28,284.35		27,296.79
Less: Scrap Recoveries		91.78		104.71
		28,192.57		27,192.08
EMPLOYEES				
Salaries, Wages and Bonus**		3,917.75		3,585.42
Contribution to Provident and Other Funds		161.04		152.97
Welfare Expenses		326.79		326.87
MANUFACTURING, ADMINISTRATIVE AND SELLING				
Purchase of Finished Goods		1,764.99		1,624.79
Stores and Spares Consumed		335.18		283.28
Power and Fuel		1,546.44		1,524.06
Conversion Charges		448.91		64.74
Repairs and Maintenance				
- Machinery		282.86		330.24
- Buildings		24.06		17.13
- Others		152.21		108.93
Rent***		101.78		164.45
Insurance		110.95		138.75
Rates and Taxes		106.29		123.37
Directors' Sitting Fees		1.19		1.34
Loss on Sale of Assets (Net)		3.77		8.42
Travelling, Conveyance and Vehicle Expenses		505.44		448.24
Postage, Telex, Telephone and Stationery		97.32		96.32
Freight & Forwarding		1,237.74		1,157.04
Commission to Selling Agents		44.79		37.69
Sales Promotion Expenses		714.30		517.64
Advertisement & Publicity		439.70		444.12
Research and Development		121.11		98.00
Bank Charges		63.00		66.25
Provision for Dimuntion in the value of investment		-		2.40
Provision for Doubtful Debts / Advances		46.56		16.35
Bad Debts/Advances Written off	7.69		0.22	
Less: Transferred from Provision	5.68	2.01	-	0.22
Lease/ Service Charges to PTL Enterprises		257.94		150.00
Legal & Professional Expenses		148.30		91.83
Miscellaneous Expenses****		539.66		359.17
		41,694.65		39,132.11

* Net of Foreign Exchange Fluctuation Gain of Rs.60.28 Millions (Rs.50.01 Millions)

** Includes VRS payments amortised during the year of Rs. 2.24 Millions (Rs. 1.92 Millions)

*** Net of Rent Receipts of Rs. 13.73 Millions (TDS Rs. 3.15 Millions) (Rs.11.70 Millions, TDS - Rs. 2.60 Millions)

**** Includes Foreign Exchange Fluctuation Loss of Rs. 62.46 Millions (Rs.44.64 Millions)

SCHEDULE 10 - (INCREASE) / DECREASE IN WORK IN PROCESS AND FINISHED GOODS

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March, 2007 Rs./Millions
(Increase) / Decrease in Finished Goods	(666.79)	(161.47)
Excise Duty on Increase of Finished Goods (Note B-7)	(39.50)	80.51
	(706.29)	(80.96)

SCHEDULE 11 - INTEREST

	Year Ended 31st March, 2008 Rs./Millions	Year Ended 31st March, 2007 Rs./Millions
Fixed Loans*	300.80	339.33
Debentures	0.88	4.64
Bank Overdraft	-	124.94
Others # *	482.82	493.35
	784.50	962.26

Net of Interest Earned Rs. 35.98 Millions (Rs. 167.72 Millions)
Tax Deducted at source Rs. 4.38 Millions (Rs.3.46 Millions)

* Net of Foreign Exchange Fluctuation gain of Rs. 2.64 Millions (Including Loss of Rs. 5.53 Millions)

SCHEDULE 12 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. A. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention with the exception of certain fixed assets (which were revalued) based on accrual method of accounting and applicable accounting standards.

B. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognised in the period in which the results are known/materialized.

2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Apollo Tyres Ltd. and the following companies:

a) Subsidiaries

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31st Mar-08	Proportion of Ownership 31st Mar-07
Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)	Subsidiary	Mauritius	100%	100%
Apollo Tyres AG (AT AG)	Subsidiary	Switzerland	100%	-
Apollo (South Africa) Holding Pty. Ltd. (ASHPL)	Subsidiary through AMHPL	South Africa	100%	100%
Apollo Tyres Pte Ltd. (AT PL)	Subsidiary through AMHPL	Singapore	100%	-
Dunlop Tyres International (Pty) Ltd. (DTIPL)	Subsidiary through ASHPL	South Africa	100%	100%
Dunlop Africa Marketing(United Kingdom) Ltd. (DAMUK)	Subsidiary through DTIPL	United Kingdom	100%	100%
Apollo Tyres GmbH (AT GmbH)	Subsidiary through AT AG	Germany	100%	-
Apollo Tyres Kft (AT Kft)	Subsidiary through AT AG	Hungary	100%	-

b) Associates

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31st Mar 08	Proportion of Ownership 31st Mar 07
National Tyre Service, Zimbabwe	Associate of DAMUK	Zimbabwe	46.90%	46.90%
Apollo Automotive Tyres Ltd.*	Associate	India	49%	100%
Apollo Radial Tyres Ltd.*	Associate	India	49%	100%

*Ceased to be subsidiaries and have become associates during the year.

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of the consolidated financial statements as laid down in accounting standard (AS 21) "Consolidated Financial Statements".

Investment in associates is accounted for in the consolidated financial statements under the "Equity Method" as laid down in accounting standard (AS 23). Consolidated financial statements are prepared using uniform accounting policies.

The excess of cost to the parent company of its investments in subsidiaries over its share of equity in the subsidiary at the date on which investment was made is recognized in the financial statements as goodwill. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiary on the date of investment.

In respect of the foreign operations, the audited financial statements for the year ended 31st March 2008 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".

c) Foreign subsidiaries, which operate under severe political and economic uncertainty that significantly diminishes control or which operate under severe long term restrictions which significantly impair their ability to transfer funds to parent are not consolidated.

In view of the Current political situation in Zimbabwe and the long term restriction on financial repatriation, the accounts of Zimbabwe based entities have not been consolidated under accounting standard (AS 21) "Consolidated Financial Statements". The same have been considered as detailed below:

Subsidiaries	Treatment in consolidated financials
Radun Investment (Private) Ltd. (RADUN), Zimbabwe	Not consolidated. Cost of investment included under investment.
Dunlop Zimbabwe (Private) Ltd.	The cost of investment has been impaired.
ASF Minning (Pvt) Ltd. Zimbabwe	The cost of investment has been impaired.
Associates	
National Tyre Service Zimbabwe (NTS)	Investment is accounted for on equity basis to the extent of actual receipt of share of profit, if any, in the form of dividend.

d) The cost of investment of Pressurite (pty) Ltd South Africa has been fully impaired and hence not consolidated.

3. FIXED ASSETS

(a) Fixed assets are stated at cost as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987 less depreciation.

(b) All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalised and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period upto the date of commencement of production, and adjustments arising from exchange differences on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.(Also refer accounting policy No. 5 on Borrowing Costs.)

(c) Fixed assets taken on hire purchase are capitalised and depreciation has been provided on such assets, while the hire charges have been charged to the profit and loss account.

(d) Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the profit and loss account. Income attributable to the project is deducted from the total of the indirect expenditure.

4. DEPRECIATION

Depreciation on fixed assets is provided using straight line method at the rates specified in Schedule XIV of the Companies Act 1956, except for certain vehicles on which the depreciation is provided at 30%. Certain plant and machinery are classified as continuous process plant based on technical evaluation.

Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account.

Leasehold land/improvements thereon is amortised over the period of lease.

In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

In case of a subsidiary company incorporated outside India, depreciation is provided for on a straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The rates of depreciation considered for the major assets are as under:

Asset Class	Rate of Depreciation
Building	4%
Plant & Equipments	Average 9%
Moulds	20%
Material Handling Equipments	15%
Computer Hardware	20%
Computer Software	33.33%
Motor Vehicles	20%
Furniture & Fixtures and Office Equipment	20%

Since it is not practically possible to use uniform accounting policy, the fixed assets of such subsidiaries has been depreciated in accordance with their respective accounting policy. The proportion of such fixed assets is 19% of the consolidated value of fixed assets.

Leasehold land/improvements thereon is amortised over the period of lease.

In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

5. BORROWING COSTS

Borrowing costs are capitalised as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

6. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

7. INTANGIBLE ASSETS

The expenditure incurred by the company on acquisition and implementation of software system / development cost up to the stage when the new product reaches technical feasibility has been recognised as an Intangible asset and is amortized over a period of five years based on their estimated useful life.

Trademarks are measured at cost and amortised over a period of ten years.

8. INVESTMENTS

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

9. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location.

For Indian companies, in case of raw materials and stores & spares, cost (net of Cenvat/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of finished goods, cost is determined on first in first out basis, whereas in case of subsidiary companies incorporated outside India, the cost is determined on the basis of "first-in first-out" and consumable stores are stated at actual cost by reference to latest purchases.

Since it is not practically possible to use uniform accounting policy, the valuation of the inventory of such subsidiaries has been considered for the purpose of consolidation. The proportion of such inventory is 29% of the consolidated value of inventory.

10. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit & loss account.

The premium or discount arising at the inception of the foreign exchange contract are amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the profit and loss account in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the company's financial statement until the disposal of net investment, at which time they would be recognised as income or as expense.

The financial statements of consolidated foreign subsidiaries, which are non-integral foreign operations, are translated into Indian Rupees, which is the functional currency of the company, as follows:

- Assets and liabilities at rates of exchange ruling at year end
- Income Statement items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiaries are classified as equity and transferred to the foreign currency translation reserve.

11. REVENUE RECOGNITION

Revenue is recognised when the significant risks and rewards of ownership of goods have been passed to the buyer. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT.

Sales of the consolidated entity include sales to external customers and non-consolidated subsidiaries.

Dividend income from investments is accounted for when the right to receive the payment is established.

12. EXPORT INCENTIVE

Export Incentive in the form of advance licences / credit earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realisable value / actual credit earned on exports made during the year and are credited to the raw material consumption account.

13. EMPLOYEE BENEFITS

- Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognised as an expense in the year incurred.
- Liability for short term compensated absences is recognised as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on an un-discounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.
- Contributions to defined contribution schemes such as provident fund, employees pension fund and superannuation fund and cost of other benefits are recognised as an expense in the year incurred.
- Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the profit & loss account as income or expense.
- In case of subsidiary companies incorporated outside India, the employer's liability for post employment medical benefits, in respect of past service, is provided for and adjusted in response to actuarial assessments when necessary.

14. DEFERRED REVENUE EXPENDITURE

Payments under voluntary retirement scheme are being charged to profit and loss account over a period of three years.

15. TAXES ON INCOME:

Current year's tax is determined in accordance with the applicable income tax laws of the country in which the respective entities in the group are incorporated. Deferred tax is recognised for all timing differences, subject to the consideration of prudence in respect of deferred tax assets.

16. PROVISIONS:

A provision is recognised when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

B NOTES ON ACCOUNTS:

CONTINGENT LIABILITIES

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Sales Tax	68.59	59.13
Income Tax-Disputed Demands under Appeal	145.60	167.20
Claims not acknowledged as debts – Employee Related	17.81	17.40
– Property Disputes	13.19	2.10
– Others	0.70	1.40
Provision of Security	156.75	146.38
Guarantees given by bankers on behalf of the Company	370.88	649.60
Custom Duty	23.50	102.54
Excise Duty*	297.30	7.02
Irrevocable letters of credit	18.71	101.51

* Excludes demands of Rs. 533.31 Millions (Rs. 533.31 Millions) raised on one of the company's units relating to the issues which have been decided by the Appellate Authority in company's favour in appeals pertaining to another unit of the company.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2008 is **Rs. 4,036.48 Millions** (Rs. 1,032.43 Millions).

3. During the year, the company paid the balance deferred consideration of Rand 60 Millions which became due on April 21, 2007, the first anniversary of acquiring 100% shareholding control of Dunlop Tyres International (Pty) Ltd., South Africa along with some of its subsidiary/ associate companies in Zimbabwe and United Kingdom.

4. a) Split of equity shares

   Pursuant to the resolution passed by the shareholders at the annual general meeting held on July 26, 2007, the equity shares of Rs.10 each of the company were sub divided into 10 equity shares of Re.1 per share with effect from record date i.e., August 27, 2007.

   b) Preferential allotment of equity share to the promoter group through conversion of Equity share warrants

   During 2006-07, the company had received Rs. 117.20 Millions towards 10% security deposit against preferential allotment of 4 Millions equity share warrants to the promoter group (in accordance with SEBI (DIP) guidelines, 2000) at Rs.293.00 each to be converted into 40 Millions equity shares of Rs.1.00 each at a premium of Rs.28.30 per equity share (4 Millions equity shares of Rs. 10.00 each at a premium of Rs. 283.00 each prior to share split) on exercise of option by warrant holders before the expiry of 18 months from October 19, 2006.

   During the year, the company has issued 24,420,000 equity shares consequent upon conversion of 2,442,000 warrants into equity shares on exercise of option by promoter group. Balance amount of Rs. 643.96 Millions equivalent to 90% portion in respect of 24,420,000 equity shares has been received during the year. Subsequent to the year-end, the promoter group exercised the conversion option in respect of balance 1,558,000 warrants and the warrants have since been converted.

5. During the year, the company concluded the sale of its tube plant at Ranjangaon, Pune for a total consideration of Rs 300 Millions with effect from May 1, 2007. The company also finalised an arrangement with the buyers for outsourcing its tube requirement on Job work basis.

   The details of carrying amount of the assets and liabilities of the Pune factory as on April 30, 2007 are given below:

	Rs./Millions
a. Gross Block of Fixed assets	550.84
Less: Accumulated Depreciation	(248.03)
Net Block of Fixed Assets	302.81
b. Capital Work in Progress	1.18
c. Other Current Assets	16.06
d. Loans and Advances	8.59
e. Current Liabilities	(15.56)
f. Loss on Sale of Plant	13.08

   Out of the above mentioned loss on sale of tube plant, Rs.10.24 Millions was already recognised in the year 2006-07.

6. Based on information available with the company and relied upon by the auditors, principal amount unpaid as on March 31, 2008 is **Rs. 104.79 Millions** (Rs. Nil) and interest unpaid is **Rs. 4.67 Millions** (Rs. Nil) to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006" (MSMDA) as on March 31, 2008.

7. Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Schedule 10 "(Increase)/Decrease in Work in Process and Finished Goods".

8. Borrowing costs capitalised during the year is **Rs. 0.31 Millions** (Rs. 3.52 Millions).

9. Research and development expenses comprise of the following:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Salary, Wages & Other Benefits	30.90	26.40
Travelling & Conveyance	4.89	6.40
Others	85.32	65.20
TOTAL	121.11	98.00

10. Deferred revenue expenditure:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Payment Under Voluntary Retirement Scheme:		
Opening Balance	1.24	2.56
Add : Payment during the year	3.59	0.60
Less : Amortised during the year	2.24	1.92
Closing Balance	2.59	1.24

11. Pre-operative expenses included in capital work-in-progress:

PARTICULARS	2007-08 Rs./Million
Salaries, Wages and Bonus	3.46
Contribution to Provident and Other Funds	0.14
Welfare Expenses	0.13
Rent	1.91
Travelling, Conveyance and Vehicle expenses	4.84
Postage, Telex, Telephone and Stationery	0.11
Miscellaneous Expenses	0.28
TOTAL	10.87

The above amount represents direct & indirect expenditure incurred during construction period with respect to the new manufacturing plant being set up by the company at Sriperumbudur, Chennai.

12. Employee Benefits

A. Indian Operations

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plan:

Profit and Loss Account:

PARTICULARS	2007-08 Rs. Millions
Net employee benefit expenses (recognised in employee cost):	
Current service cost	19.77
Interest cost on benefit obligation	23.87
Expected return on plan assets	(19.93)
Net actuarial loss recognised in the year	17.81
Net benefit expense	41.52

Balance Sheet

PARTICULARS	2007-08 Rs. Millions
Reconciliation of present value of the obligation and the fair value of plan assets:	
Fair value of plan assets at the end of the year	248.14
Present value of funded obligation at the end of the year	339.69
Asset/(Liability) recognised in the balance sheet	(91.55)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2007-08 Rs. Millions
Present value of obligations as at the beginning of the year	298.35
Interest cost	23.87
Current service cost	19.77
Benefits paid	(20.62)
Actuarial loss on obligation	18.32
Present value of obligations as at the end of the year	339.69

Changes in the fair value of plan assets are as follows:

Particulars	2007-08 Rs. Millions
Fair value of plan assets as at the beginning of the year	213.12
Expected return on plan assets	19.93
Contributions	28.83
Benefits paid	(14.25)
Actuarial gain on plan assets	0.51
Fair value of plan assets as at the end of the year	248.14

Principal actuarial assumptions:

Particulars	Rate (%)
a) Discount rate as on 31.03.2008	8.00
b) Future salary increase*	5.50

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

The prior year comparables are not given since the revised accounting standard 15 – "Employee Benefits" is applicable from April 1, 2007.

B. South African Operations

Dunlop Tyres International (Pty) Ltd.

Employees are members of an umbrella fund or one of two active retirement benefit funds which are defined contribution provident funds. These are governed by the Pensions Funds Act, 1956. The assets of these funds are independent of the company.

The Retirement On-Line Provident Fund is an umbrella fund which is managed and controlled by an external board of trustees. Members of the Dunlop Staff Provident Fund were transferred to this fund with effect from 1/9/2007.

The Dunlop Tyres Operatives Provident Fund is valued in three year intervals. The fund's last formal actuarial valuation was independently performed as at December 2006. The fund is judged to be in a sound financial position.

The New Tyre Manufacturing Industry Provident Fund was established in 2005 and the majority of weekly paid employees are members of this fund. Interim valuations are performed by an actuary, the most recent being June 2006. The fund is judged to be in a sound financial position.

The contribution holiday in the current period amounted to Rs. 113.65 Millions (Rs. 154.79 Millions for previous year - 15 months). This is derived from the surplus status of the Dunlop Staff Provident Fund.

Certain management are members of an umbrella fund which is managed and controlled by an external board of trustees.

There is a single defined benefit fund, the Dunlop Africa Pension Fund. It has no members and the last statutory valuation was as at 31March 2005.

The surplus apportionment schemes for the Dunlop Africa Pension Fund and the Dunlop Staff Provident Fund, in terms of section 15B of the Act, have been approved by the Financial Services Board (FSB). After all of the surplus claims in these funds have been paid there will be a balance in the employer surplus account in the Dunlop Staff Provident Fund. After the FSB approves the transfer of members from the Dunlop Staff Provident Fund to the umbrella fund both funds will be liquidated. The Staff Provident Fund is currently undergoing a statutory valuation as at December 2006, the prior valuation having been performed in December 2003.

Foreign consolidated subsidiaries of Dunlop Tyres International (Pty) Ltd.

Employees are members of two defined contribution pension funds which are governed by the UK Pensions Act of 1995. The funds are managed by appointed Investment managers and are reviewed as statutorily required. Both funds are in a sound financial position.

Post-employment medical obligation:

Dunlop Tyres International (Pty) Ltd.:

Prior to 1998, it was the company's policy to provide post-employment medical benefits for its employees, by the way of subsidies. These subsidies have been funded by means of pensions purchased from insurers. Each year additional amounts are paid in line with the increases in medical aid subscriptions.

The company's liability in respect of the post-employment medical obligation has been actuarially valued at Rs. 115.98 Millions at 31 March 2008 (Rs. 134.50 Millions) by Fifth Quadrant Actuaries and Consultants. The actuarial valuation performed has been based on the following assumptions:

a) a health care cost inflation rate of 7.8% p.a. (2007: 6.00% p.a.)

b) a discount rate of 10.2% p.a. (2007: 8.00% p.a.)

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Opening Balance	134.73	138.69
Interest cost recognised in income statement in current period	10.23	10.75
Health care cost inflation	3.41	1.93
Actuarial loss recognised in income statement in current period	4.55	-
Miscellaneous (including basis and data changes)	(36.74)	(16.64)
Closing balance	116.18	134.73

Sensitivity of healthcare cost

For every 1% strengthening/weakness of investment returns, relative to medical aid inflation, the liability is calculated to increase/reduce by Rs.11.84 Millions from the reported level of Rs. 115.98 Millions. Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by Rs.15.79 Millions.

Foreign consolidated subsidiaries of Dunlop Tyres International (Pty) Ltd.:

Foreign consolidated operations do not provide post-retirement medical benefits for employees, hence no employer obligation exists.

13. The components of Deferred Tax Liability (Net) are as follows:

PARTICULARS	2007-08 Rs./Millions	2006-07 Rs./Millions
Deferred Tax Liability on timing differences arising on:		
Depreciation	1,975.64	1,967.07
Others	3.72	-
Sub Total (A)	1,979.36	1,967.07
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	0.65	0.61
Others	223.03	265.35
Sub Total (B)	223.68	265.96
Net Deferred Tax Liability (A-B)	1,755.68	1,701.11

14. Provision for sales related obligations represents estimates for payments to be made in future. Major portion of the these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

Rs./Millions

Opening Balance as at 01.04.2007	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2008
410.69	503.77	483.36	431.10

15 The following Forward Exchange Contracts entered into by the company are outstanding as on 31st March, 2008:

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	US $ 750,000	Sell	Rupees
US Dollar	US$ 2,281,000	Buy	ZAR
U.K. Pound	GBP 609,000	Sell	ZAR
Euro	Euro 3,454,000	Sell	ZAR
Jap. Yen	JPY 2,362,000	Buy	ZAR
Australian Dollar	Aus $ 2,597,000	Sell	ZAR

The above forward contract has been valued mark to market as at the year-end and the resulting loss has been charged to the profit & loss account.

16. Segmental Reporting

a) Geographical Segments

The company has considered geographic segments as the primary segments for disclosure. The Geographic Segments are India and South Africa on the basis of Organisation Structure and Operating Locations. Indian segment includes manufacturing and sales operations through India and South African segment includes manufacturing and sales operations through South Africa along with its subsidiaries.

b) Business Segments

The Company has considered business segment as the secondary segment for disclosure. The Company's operations comprise of only one segment - Tyres, Tubes & Flaps and therefore, there are no other business segments to be reported as required under accounting standard (AS-17)- "Segment Reporting" issued by the Institute of Chartered Accountants of India.

c) Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.

d) Information about primary segment (Geographical) is as under:

Particulars	India		South Africa		Other Corp		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
1. REVENUE								
Total Sales	36,939.27	32,923.28	10,068.55	10,116.46	-	-	47,007.82	43,039.74
Inter segment Sales	95.46	28.92	-	18.82	-	-	95.46	47.74
External Sales	36,843.81	32,894.36	10,068.55	10,097.64	-	-	46,912.36	42,992.00
2. RESULT								
Segment result	3,853.63	2,380.67	990.07	545.88	(6.48)	(0.80)	4,837.22	2,925.75
Interest expense	(551.31)	(694.20)	(269.17)	(298.19)	-	-	(820.48)	(992.39)
Interest and Dividend Income	30.90	30.13	4.82		0.26	-	35.98	30.13
Income Taxes	(1,141.44)	(719.97)	(210.31)	(72.88)	(4.12)	-	(1,355.87)	(792.85)
Net profit	2,191.78	996.63	515.41	174.81	(10.34)	(0.80)	2,696.85	1,170.64
3. OTHER INFORMATION								
Segment assets	21,591.11	20,324.02	6,469.89	7,411.18	13.44	239.01	28,074.44	27,974.21
Segment liabilities	11,195.61	12,229.58	3,292.28	4,696.12	1,764.31	1,701.72	16,252.20	18,627.42
Capital Expenditure	1,569.32	1,862.22	122.29	216.89	5.40	-	1,697.01	2,079.11
Depreciation	878.10	742.26	420.54	430.10	-	-	1,298.64	1,172.36

17. Disclosure of related party transactions in accordance with accounting standard (AS 18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

a) Name of the Related Parties:

PARTICULARS	2007-08	2006-07
Associates	Apollo International Ltd. (AIL) Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation) Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd. PTL Enterprises Ltd. (PTL) National Tyre Services, Zimbabwe Pressurite (Pty) Ltd, South Africa Apollo Finance Ltd. Artemis Medicare Services Pvt. Ltd. Artemis Health Sciences Pvt. Ltd. Apollo Automotive Tyres Ltd. Apollo Radial Tyres Ltd.	Apollo International Ltd. Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation) Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd. PTL Enterprises Ltd. (PTL) National Tyre Services, Zimbabwe Pressurite (Pty) Ltd, South Africa Apollo Finance Ltd. Artemis Medicare Services Pvt. Ltd. Artemis Health Sciences Pvt. Ltd.
Key Management Personnel	Mr. O. S. Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar	Mr. O. S. Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar
Relative of Key Managerial Personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

b) Transactions with Related Parties

2007-08

Particulars	Associates Rs./Millions	Key Management Personnel Rs./Millions	Total Rs./Millions
Volume of Transactions:			
Sales to AIL	2,216.41		2,216.41
Reimbursement of Expenses to PTL	355.85		355.85
Reimbursement of Expenses to others	0.01		0.01
Lease Rent paid to PTL	200.00		200.00
Service Charges received from PTL	(3.60)		(3.60)
Managerial Remuneration		186.81	186.81
Traveling Expenses to Travel Tracks (P) Ltd.	139.25		139.25
Rent Received	(0.87)		(0.87)
Conference Expenses to Travel Tracks (P) Ltd.	40.01		40.01
Interest Received from PTL	(2.72)		(2.72)
Rent paid to Sun life Trade Links (P) Ltd.	21.30		21.30
Rent paid to Landmark Farms & Housing (P) Ltd.	13.20		13.20
Security Deposit Paid to PTL	100.00		100.00
Claims Accepted from AIL	3.15		3.15
Total	3,081.99	186.81	3,268.80
Amount Outstanding Dr./(Cr.)	627.01	-	627.01
From PTL	280.21		
From Landmark Farms & Housing (P) Ltd.	111.50		
From AIL	183.59		
From others	51.71		

2006-07

Particulars	Associates Rs./Millions	Key Management Personnel Rs./Millions	Total Rs./Millions
Volume of Transactions:			
Sales to AIL	2,781.96		2,781.96
Reimbursement of Expenses to PTL	350.17		350.17
Lease Rent paid to PTL	150.00		150.00
Service Charges received from PTL	(3.60)		(3.60)
Managerial Remuneration		126.34	126.34
Rent paid to Sun life Trade Links (P) Ltd.	21.30		21.30
Rent paid to Landmark Farms & Housing (P) Ltd.	13.20		13.20
Purchase of Capital Items from DTIPL	80.00		80.00
Traveling Expenses to Travel Tracks (P) Ltd.	95.73		95.73
Rent Received	(0.84)		(0.84)
Conference Expenses to Travel Tracks (P) Ltd.	26.36		26.36
Investments written off	5.18		5.18
Interest Received	(0.40)		(0.40)
Security Deposit Paid	150.00		150.00
Dividend Paid	15.78		15.78
Claims Accepted from AIL	0.03		0.03
Total	3,684.87	126.34	3,811.21
Amount Outstanding Dr./(Cr.)	582.31	-	582.31
From PTL	176.41		
From Landmark Farms & Housing (P) Ltd.	111.50		
From AIL	254.66		
From others	39.74		

18. Operating Lease

The company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were Rs. 200 Millions (Rs. 150 Millions).

The schedule of future minimum lease payments in respect of non-cancelable operating leases is set out below:

PARTICULARS	31st March, 2008 Rs./Millions	31st March, 2007 Rs./Millions
Within one year of the balance sheet date	250.00	150.00
Due in a period between one year and five years	1,000.00	600.00
Due after five years	250.00	300.00

19. Earning Per Share (EPS)

The numerator and denominator used to calculate Basic and Diluted Earning Per Share:

PARTICULARS	2007-08	2006-07
a) Basic		
Profit attributable to the equity shareholders used as numerator (Rs. Millions) - (A)	2,696.85	1,170.64
The weighted average number of equity shares outstanding during the year used as denominator -(B)	470,905,262	417,847,220
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	5.73	2.80
b) Diluted		
Profit attributable to the equity shareholders used as numerator (Rs. Millions) - (A)	2,696.81	1,170.64
The weighted average number of equity shares outstanding during the year used as denominator -(B)	472,721,493	418,832,820
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	5.70	2.79

Note: Pursuant to the sub-division of the face value of equity shares of the company from Rs.10/- each to Re.1/- each during the year, previous year figures have been restated.

20. Previous year's figures have been regrouped wherever necessary to conform to the classifications for the current year.

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
9th May, 2008

MR. ONKAR S.KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

MR. NEERAJ KANWAR
Vice Chairman &
Joint Managing Director

P. N. WAHAL
Head-Secretarial &
Company Secretary

MR. M.R.B.PUNJA
MR. SUNAM SARKAR
MR.U.S.OBEROI
DR. S. NARAYAN
MR. A.K.PURWAR
MR. ROBERT STEINMETZ
MR. T. BALAKRISHNAN

Directors

Information pertaining to Subsidiary Companies u/s 212 (8) of the Companies Act, 1956

Rs./Millions

Contents	APOLLO (MAURITIUS) HOLDINGS (PVT) LTD. (AMHPL)	APOLLO (SOUTH AFRICA HOLDINGS (PTY) LTD. (ASHPL)	DUNLOP TYRES INTERNATIONAL (PTY) LTD. (DTIPL)	DUNLOP AFRICA MARKETING (UNITED KINGDOM)LTD.. (DAMUK)	APOLLO TYRES PTE LTD. SINGAPORE (AT PL)	APOLLO TYRES AG, SWITZERLAND (AT AG)	APOLLO TYRES GmbH, GERMANY (AT GmbH)	APOLLO TYRES KFT, HUNGARY (AT KFT)
Share Capital	2,316.72	228.98	233.88	-	-	40.26	1.58	32.68
Reserves / (Accumulated Loss)	(104.56)	(286.01)	2,622.79	86.89	(0.23)	(1.62)	(0.27)	(3.07)
Total Assets	2,333.45	2,328.27	7,206.68	86.89	(0.23)	38.64	1.31	29.61
Total Liabilities	2,333.45	2,328.27	7,206.68	86.89	(0.23)	38.64	1.31	29.61
Detail of Investments(other than investment in subsidiary companies)	-	-	-	35.08	-	-	-	-
Turnover (including other income)	-	-	9,769.78	572.23	-	-	-	-
Profit / (Loss) Before Taxation	(99.56)	(154.50)	884.99	81.71	(0.23)	(1.42)	(0.27)	(2.92)
Income Tax Expense / (Income)	(4.12)	(0.93)	225.48	15.92	-	-	-	-
Profit / (Loss) after taxation	(103.68)	(155.43)	659.51	65.79	(0.23)	(1.42)	(0.27)	(2.92)
Proposed dividend	-	-	-	-	-	-	-	-

* Exchange rates conversion on average rates during the year.

The information in respect of subsidiaries in Zimbabwe through DAMUK, which operate under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair its ability to transfer funds to parent has not been disclosed.

APOLLO TYRES LTD.

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